22 February 2017

Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

FINANCIAL AND STATUTORY REPORTS FOR THE YEAR ENDED 31 DECEMBER 2016

In accordance with *ASX Listing Rule 4.3A*, I attach the Financial and Statutory Reports (incorporating Appendix 4E requirements) for Coca-Cola Amatil Ltd for the year ended 31 December 2016.

It is recommended that the Financial and Statutory Reports be read in conjunction with any public announcements made by Coca-Cola Amatil Ltd in accordance with its continuous disclosure obligations arising under the *Corporations Act 2001* and the *ASX Listing Rules*.

A briefing will be held at 10am on Wednesday 22 February 2017. This briefing can be accessed by webcast via our website at *www.ccamatil.com.*

Yours sincerely,

KATIE NEWTON-JOHN
Group Company Secretary and Corporate Counsel

COCA-COLA AMATIL LIMITED
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COCA-COLA AMATIL

2016 Financial and Statutory Reports

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Coca-Cola Amatil Limited and its subsidiaries

OPERATING AND FINANCIAL REVIEW

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2016

PRINCIPAL ACTIVITIES

Coca-Cola Amatil operates in six countries – Australia, New Zealand, Fiji, Indonesia, Papua New Guinea and Samoa. As one of the largest manufacturers and distributors of ready-to-drink alcohol and non-alcohol beverages, coffee and ready-to-eat food snacks in the Asia-Pacific region, we are proud of the products we make that millions of people choose to make part of their lives. We aim to delight our consumers through a diversified portfolio of products. Our product range includes non-alcohol sparkling beverages, spring water, sports and energy drinks, fruit juices, iced tea, flavoured milk, coffee, tea, beer, cider, spirits and ready-to-eat fruit and vegetable snacks and products.

Coca-Cola Amatil is one of the world's major Coca-Cola bottlers and we work closely with our partner and major shareholder (29.2%), The Coca-Cola Company, to deliver the products loved by so many.

The Coca-Cola Company owns the brands and manufactures the concentrates of many of the non-alcohol beverages that Coca-Cola Amatil locally manufactures and packages. This includes the market's number one cola brand, Coca-Cola, and other Coca-Cola Company brands such as Sprite, Fanta and Powerade.

Through Coca-Cola Amatil's extensive sales and distribution networks we deliver these and many other category-leading brands to the hands of our consumers every day.

APPENDIX 4E – KEY MATTERS

RESULT OVERVIEW

- Steady progress implementing business strategies from 2014 Strategic Review, in line with updates at the 2016 Investor Day
- Delivering on our shareholder value proposition with underlying[1] mid-single digit earnings per share (EPS) growth of 6.2 per cent in 2016
- Strong performances in our identified growth markets, particularly Indonesia
- Underlying earnings before interest and tax (EBIT) of $683.4 million and underlying net profit after tax (NPAT) of $417.9 million representing growth of 3.5 per cent and 6.2 per cent respectively
- Non-cash impairment charge of $171.8 million[2] (after tax) taken on SPC with continued commitment to secure its long term future
- Statutory EBIT of $466.1 million and statutory NPAT of $257.3 million
- Strong balance sheet and free cash flow with cash realisation of 110.9 per cent and reduction in net debt of $153.5 million to $992.8 million
- Final dividend declared of 25.0 cents per share, franked to 75 per cent representing an underlying payout ratio of 84.1 per cent for the full year, with free cash flow positive after dividend payments. It is anticipated that from 2017, franking will be lower than current levels.

ADDITIONAL UPDATES

- New initiatives to remodel Australian Beverages' supply chain including an additional $90 million of capex to be invested in our Richlands manufacturing facility in Queensland and closure of manufacturing facilities in South Australia – targeting a further $20 million of cost savings from 2020 and expecting related one-off costs of approximately $50 million to be offset by one-off gains
- Given strength of balance sheet and confidence in future trajectory and cash flows, we will commence an on-market share buy-back program of up to $350 million from late March 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2016	2015	Variance
	$M	$M	%
Trading revenue	**5,150.8**	**5,093.6**	**1.1**
Total revenue	**5,253.2**	**5,186.9**	**1.3**
Earnings before interest and tax (before non-trading items)	683.4	660.6	3.5
Net finance costs	(73.0)	(86.2)	(15.3)
Income tax expense (before non-trading items)	(181.3)	(171.0)	(6.0)
Non-controlling interests	(11.2)	(10.0)	(12.0)
Profit attributable to Coca-Cola Amatil Limited shareholders (before non-trading items)	417.9	393.4	6.2
Non-trading items after income tax[2]	(171.8)	–	–
Profit attributable to Coca-Cola Amatil Limited shareholders	246.1	393.4	(37.4)
	¢	¢	
Earnings per share (before non-trading items)	54.7	51.5	6.2
Earnings per share	32.2	51.5	(37.4)

OTHER INFORMATION

Interim dividend per share (75% franked)[3]	21.0	20.0	5.0
Final dividend per share (75% franked)[4]	**25.0**	**23.5**	**6.4**
Total annual dividends	46.0	43.5	5.7

1. Underlying refers to statutory results adjusted to exclude non-trading items
2. Non-trading items relating to non-cash impairment of SPC, totalling to $171.8 million after tax. Refer to Notes 3b) and 10a) to the Financial Report for details
3. Paid 7 October 2016 (2015: 6 October 2015)
4. Record date for 2016 dividend entitlement is 28 February 2017 and is payable 7 April 2017 (2015: paid 5 April 2016)

Commentary on Coca-Cola Amatil Limited's financial results and position and additional Appendix 4E disclosure requirements can be found in the remainder of this document. The contents of the operating and financial review is based on the audited financial report of Coca-Cola Amatil Limited.

BUSINESS PEFORMANCE REVIEWS

SEGMENT RESULTS – UNDERLYING EBIT SUMMARY

	2016	2015	Variance
	$M	$M	%
Non-Alcohol Beverages			
– Australia	**455.3**	463.8	(1.8)
– New Zealand & Fiji	**105.6**	98.8	6.9
– Indonesia & Papua New Guinea	**69.6**	48.7	42.9
Alcohol & Coffee Beverages	**44.7**	34.1	31.1
Corporate, Food & Services	**8.2**	15.2	(46.1)
Underlying EBIT	**683.4**	660.6	3.5

- **Australian Beverages** EBIT declined 1.8 per cent as we continue to rebalance the portfolio, improve our competitive position, and address ongoing structural adjustments in the market. Revenue decreased by 3.4 per cent due to a decline in volume of 2.1 per cent and a change in channel and category mix. In Still Beverages we achieved volume growth of 3.1 per cent for the year and Sparkling Beverages volumes declined 4.7 per cent. Our decision to improve our competitive positioning in the water category, with targeted price investment, drove the overall decrease in realised revenue per case. We are implementing our transformation program, based on refreshed and strengthened category growth plans, increasing the efficiency and effectiveness of our route-to-market model and improving alignment with The Coca-Cola Company. We have also delivered on our $100 million cost optimisation target, set in 2014, well ahead of schedule, the full year effect of which will benefit 2017.
- **New Zealand & Fiji** EBIT increased 5.9 per cent on a constant currency basis[1] driven by strong revenue and volume growth. The result benefitted from the addition of the Restaurant Brands' partnership with revenue and volume growing strongly. The change in product and channel mix has resulted in a lower revenue per case outcome overall. We achieved growth across both Sparkling and Stills Beverages, performing strongly in both the grocery and on-the-go channels. Favourable economic conditions and strong execution in Fiji underpinned an excellent result with significant revenue, volume and double digit EBIT growth, slightly dampened by excise increases from 1 July 2016.
- **Indonesia & Papua New Guinea** EBIT increased 51.7 per cent on a constant currency basis[1], contributing an additional $20.9 million of EBIT. Despite soft economic conditions, Indonesia performed strongly overall. Revenue growth in Indonesia slowed in the second half reflecting the overall economy and trends in the consumer sector. This was offset by a very strong performance leading up to and during the Ramadan festive period in the first half. Good progress has been made in winning volume and value share in Sparkling Beverages and also in the tea category. We continued to invest in manufacturing facilities, cold drink equipment and the rollout of our route-to-market model across Java. Our manufacturing efficiencies improved and cost management programs continued, while accelerating leadership and functional development. Papua New Guinea achieved double digit EBIT growth on a constant currency basis despite economic headwinds.
- **Alcohol & Coffee** earnings grew 31.1 per cent, the second consecutive year we have achieved EBIT growth above 30 per cent with revenue above $500 million for the first time. We achieved double-digit revenue, volume and EBIT growth in our alcohol business for the year. The second half benefited from the addition of Molson Coors International's Miller Genuine Draft and Miller Chill brands in Australia, extending our range in the international premium beer category. Our Grinders coffee business also provided a solid contribution to the segment result.
- **Corporate, Food & Services** underlying EBIT decreased by $7.0 million. SPC recorded a modest loss for the year. An increase in promotional activity assisted in reducing the rate of share decline however, this was not sufficient to offset the continued price competition from imported products. There were some encouraging signs in snacking fruit and tomato products. A $171.8 million (after tax) non-cash impairment in SPC has been recognised, reducing SPC's carrying value to $156.3 million. The segment incurred additional costs related to the restructuring and sale of one of our services businesses, Quirks, in the second half of the year.
- **Net finance costs** decreased by $13.2 million, reflecting the full year interest income benefit of The Coca-Cola Company's (TCCC) investment in Indonesia in April 2015 and lower interest rates in Australia. This was a significant driver for underlying NPAT and underlying EPS growing ahead of underlying EBIT and revenue growth for the year. Net finance costs in the second half were marginally higher than the first half, as forecast in the interim results announcement in August 2016.

1. The constant currency basis is determined applying FY15 foreign exchange rates to FY16 local currency results

BUSINESS PERFORMANCE REVIEWS (CONTINUED)

AUSTRALIAN BEVERAGES

	2016	2015	Variance
	$M	$M	%
Trading revenue	**2,670.2**	2,763.0	(3.4)
– Trading revenue per unit case	$8.37	$8.48	(1.3)
– Volume (M unit cases)[1]	319.0	326.0	(2.1)
Earnings before interest and tax	**455.3**	463.8	(1.8)
EBIT margin on trading revenue	**17.1%**	16.8%	0.3 points
Return on capital employed	**32.8%**	**32.6%**	**0.2 points**

Volume summary – unit cases			
Sparkling			
– Beverages	213.6	224.2	(4.7)
– Frozen	22.9	21.8	5.0
Stills	82.5	80.0	3.1
Total	319.0	326.0	(2.1)

1. A unit case is the equivalent of twenty-four 8 US oz (237ml) serves or 5.678 litres

Australian Beverages' performance was adversely impacted by continuing competitive pressure in the cola and water categories and the continued shrinking of operational accounts. EBIT declined 1.8 per cent and revenue decreased by 3.4 per cent due to a decline in volume of 2.1 per cent and a change in channel and category mix. Our decision to improve price competitiveness in the water category resulted in a decrease in trading revenue per unit case overall.

We have made progress on our strategy to rebalance our portfolio, enhance our revenue growth management capabilities and reconfigure our route-to-market model. We also delivered on our $100 million cost optimisation target, set in 2014, well ahead of schedule, the full year effect of which will benefit 2017.

In **Still Beverages** volumes increased 3.1 per cent for the year, driven by strong performances in the **water**, **energy** and **dairy** categories. Performance in the second half was negatively impacted due to challenges in the **sports**, **tea** and **juice** categories and the cycling of the relaunch of Mount Franklin in the second half of 2015.

We made good progress in the **water** category during the year, driven by new packaging, new product innovation and increased media spend supporting our Mount Franklin brand. Price investment in mainstream water and new arrangements with The Coca-Cola Company allowed us to fast-track innovation in the enhanced water category, including the launch of Glaceau SmartWater, resulting in volume growth. This represents a significant turnaround from 2015 when volumes declined.

In the **energy** category, we entered into an agreement with Monster Energy during the year and commenced distribution in May. This has been a significant launch and enabled us to grow volume and category share, with additional growth potential in this category.

In the **dairy** category, Barista Bros continued to perform strongly, achieving double-digit volume growth. We are pursuing further growth opportunities in this category.

The **sports** category continued to be subject to aggressive competitor pricing which diminished the impact of our Powerade Olympics campaign and new pack introductions. We were also cycling the 2016 launch of Powerade ION4 in the second half.

In the **tea** category, FUZE Tea was launched early in 2016 and while early signs are encouraging, it will take time to reach scale.

In **Sparkling Beverages**, volume declines in the **cola** category were exacerbated by the cycling of the Coca-Cola Life launch in the first half of 2015. Good progress was made on pricing, the introduction of smaller portion sizes, a new global marketing campaign from The Coca-Cola Company and new flavours such as Coca-Cola Ginger. With many of the building blocks now in place and further innovation in the pipeline, we remain confident that the cola category will stabilise in due course.

The **flavours** category was also subdued but our performance exceeded the measured market. Our performance in the **adult** category benefitted from the relaunch of Cascade in the second half. Sound progress has been made with reformulations of our **flavours** and **adult** beverages brands to reduce kilojoule content as part of our efforts to shape choice within Sparkling Beverages.

From a channel perspective, performance in the **grocery** channel was positive. In the **petroleum & convenience** channel, some ranging challenges in the water category were experienced, partially offset by strong performance in the dairy and energy categories.

A continuing structural shift in the **route-trade** channel away from **state operational accounts** to **national accounts** continued in the second half of the year.

BUSINESS PERFORMANCE REVIEWS (CONTINUED)

NEW ZEALAND & FIJI

	2016	2015	Variance	Variance – constant currency
	$M	$M	%	%
Trading revenue	**551.5**	513.0	7.5	6.7
– Trading revenue per unit case	$7.81	$7.97	(2.0)	(2.8)
– Volume (M unit cases)	70.6	64.4	9.6	9.6
Earnings before interest and tax	**105.6**	98.8	6.9	5.9
EBIT margin on trading revenue	**19.1%**	19.3%	(0.2) points	(0.2) points
Return on capital employed	**20.9%**	19.5%	1.4 points	

NEW ZEALAND

New Zealand delivered revenue and volume growth in Sparkling and Still Beverages.

Sparkling Beverages revenue and volume growth continued in the second half with the Restaurant Brands franchises, KFC and Pizza Hut, performing well. This provided strong incremental volumes and secured solid market leadership across the quick service restaurants channel. The shift in product and channel mix contributed to an overall reduction in revenue per unit case.

Still Beverages had another very strong performance, particularly in the **water** and **energy** categories.

In the **water** category, a strong performance in grocery delivered significant revenue and volume growth, and we maintained a strong leadership position in the category.

The **energy** category was strengthened with the launch of Monster Energy in May. This has been a very positive development and has supported volume growth in the category, with Mother and Lift+ brands also delivering volume growth.

In the **juice** category, revenue increased slightly against a small volume decline, with stronger sales underpinned by Most, an organic juice in glass packs. We also completed the construction of our new hotfill production facility in Auckland, with minimal interruption to supply to the market.

In the **dairy** category, the launch of Barista Bros in the **convenience & leisure** channel during the year represented the first time we have had a product in this category.

From a channel perspective, strong revenue and volume performance in the **on-the-go** channel was driven by water, energy and dairy. Performance in the **quick service restaurant** channel was also strong due to the new Restaurant Brands partnership. Performance in the **grocery** channel was also solid, driven by water.

FIJI

Fiji performed strongly for the year, achieving revenue, volume and double digit EBIT growth, underpinned by robust economic conditions and strong local execution. Growth in the second half was slightly slower than the first half, impacted by excise increases from 1 July 2016.

BUSINESS PERFORMANCE REVIEWS (CONTINUED)

INDONESIA & PAPUA NEW GUINEA

	2016	2015	Variance	Variance – constant currency
	$M	$M	%	%
Trading revenue	**1,053.3**	1,008.9	4.4	5.7
– Trading revenue per unit case	$4.63	$4.71	(1.7)	(0.4)
– Volume (M unit cases)	227.7	214.4	6.2	6.2
Earnings before interest and tax	**69.6**	48.7	42.9	51.7
EBIT margin on trading revenue	**6.6%**	4.8%	1.8 points	2.1 points

INDONESIA

Indonesia performed strongly during the year despite soft economic conditions. Revenue growth slowed in the second half, reflecting overall economic conditions and trends in the consumer sector. The Ramadan festive period was 10 days earlier this year which benefitted the first half.

We achieved revenue and volume growth across both the Sparkling and Still Beverages categories and across both the traditional and modern trade channels.

In **Sparkling Beverages**, due to a slowdown in the second half, only single-digit transaction growth for the year was achieved. However, we achieved double digit revenue and volume growth in small and medium pack formats which was a strong focus during the year. We also achieved strong share gains in the category. There is more to do to drive category growth at an industry level.

In **Still Beverages,** we achieved single-digit transaction, revenue and volume growth.

In the **tea** category, volume growth, ahead of the market, an important achievement given the size of the tea category.

In the **juice** category, value and volume share declined, in a category driven by low price competitor products. PET pack volume grew for the year.

We achieved double-digit revenue and volume growth in the **dairy** category resulting from an increase in availability and the addition of a multi serve pack option.

We achieved sales and cost benefits from our **route-to-market** model transformation, providing the capability to increase availability and accessibility of products in Jakarta and beyond. Strong efficiency gains in manufacturing were delivered and good progress made in relation to cost management as a result of organisational transformation. We invested in developing the leadership and functional capabilities of our people. We also invested additional marketing to drive brand performance.

PAPUA NEW GUINEA

Despite economic headwinds, Papua New Guinea achieved double-digit EBIT growth on a constant currency basis on modest volume growth. EBIT grew ahead of revenue as a result of good cost management and improved efficiency despite some operational disruptions during the year.

BUSINESS PERFORMANCE REVIEWS (CONTINUED)

ALCOHOL & COFFEE BEVERAGES

	2016	2015	Variance	Variance – constant currency
	$M	$M	%	%
Trading revenue	**533.8**	434.4	22.9	22.7
Earnings before interest and tax	**44.7**	34.1	31.1	30.8
EBIT margin on trading revenue	**8.4%**	7.8%	0.6 points	0.6 points

Alcohol & Coffee earnings EBIT increased 31.1 per cent, the second consecutive year of growth above 30 per cent.

ALCOHOL

In **Alcohol,** we achieved double-digit revenue, volume and EBIT growth for the year. The result benefitted from a focus on delivering innovation with our partner Beam Suntory, the inclusion of the Suntory range of spirits and extending the partnership to New Zealand. In October we added Molson Coors International's Miller Genuine Draft and Miller Chill brands to our portfolio, delivering incremental sales.

In Australia, revenue and volume growth in the **Spirits** category was achieved driven by new age whiskey and liqueur sales**.** In the **Beer, Bitters & Cider** categories, we achieved double digit revenue and volume growth, driven by international premium beer sales. In Fiji, Paradise Beverages performed strongly and in New Zealand, in addition to growth through the Beam Suntory partnership.

We worked closely with our partners – Beam Suntory, Molson Coors International, Australian Beer Co, Chilli Marketing, The Boston Beer Company and Australian Bitters Company – to develop the brands within the range and leverage opportunities across all categories.

- **Spirits:** With Beam Suntory in the second half, we launched "Jim Beam Citrus Highball", a grapefruit flavoured ready-to-drink beverage leading the trend towards refreshment in the bourbon category, and in July rolled out new Jim Beam packaging as part of a global brand redesign, the first redesign of the Jim Beam bourbon bottle in 50 years.
- **Beer, Bitters & Cider:** With brand partner Molson Coors International, Miller Genuine Draft and Miller Chill were added to the range in October. New packaging design and point of sale marketing was also rolled out for the Coors brand. With Australian Beer Company, we continued to innovate in the growing craft beer category, including creating "Yenda Eagle" exclusively for the Australian PGA Championship. Three new bitters flavours were brought to market with Australian Bitters Company.

COFFEE

Coffee provided a solid contribution to growth through the successful upgrade and repositioning of the Grinders brand. The relaunch of the Grinders brand included improving our online presence, refurbishing and launching retail sales at our iconic Lygon Street store in Melbourne and introducing double espresso coffee capsules. We became the first coffee roaster in Australia to implement new electronic colour sorting technology, as part of our commitment to quality and innovation.

CORPORATE, FOOD & SERVICES

	2016	2015	Variance
	$M	$M	%
Trading revenue[1]	**342.0**	374.3	(8.6)
Earnings before interest and tax (underlying)	**8.2**	15.2	(46.1)

1. Majority derived from SPC

The segment underlying EBIT result was $7.0 million lower than 2015. This was driven by a modest loss in SPC and additional costs in services.

SPC reported a modest loss for the year. We increased our promotional spend but increased price competition resulting from imported substitutes continued. While there are some encouraging signs in snacking fruit and tomato products, this has been offset by declines in its traditional business. Ongoing category declines are impacting volume and revenue and cost management remains a priority. A non-cash impairment of $171.8 million (after tax) was recognised reducing the carrying value of SPC to $156.3 million.

Additional costs were incurred relating to the restructuring and sale of one of our services businesses, Quirks, in the second half of the year.

DETAILED FINANCIAL COMMENTARY

CAPITAL EMPLOYED[1]

	2016	Non-trading movements[2]	Underlying movements	2015
	$M	$M	$M	$M
Working capital[3]	**458.8**	(44.0)	(22.3)	525.1
Property, plant and equipment	**1,948.9**	(114.7)	43.7	2,019.9
Intangible assets	**1,207.4**	(58.6)	0.1	1,265.9
Current and deferred tax assets/(liabilities)	**(196.5)**	45.5	(53.4)	(188.6)
Derivative net assets/(liabilities) – non-debt	**25.4**	–	49.6	(24.2)
Other assets/(liabilities)[4]	**(40.9)**	–	1.1	(42.0)
	3,403.1	(171.8)	18.8	3,556.1
Return on capital employed (ROCE)[1]	**19.6%**	0.4 points	0.6 points	18.6%

1. Capital employed is referred to as Assets and Liabilities – Operating and Investing or segment net assets in the Financial Report
2. Non-trading movements relate to non-trading items, refer to Note 3b) of the Financial Report for details
3. Working capital is defined as current trade and other receivables plus inventories less current trade and other payables
4. Mainly comprising of prepayments, investment in joint venture entity, defined benefit superannuation plan assets and liabilities and provisions

Capital employed was impacted by the non-cash impairment of SPC.

Underlying movements in capital employed of $18.8 million resulted from:

- **Working capital** decreasing $22.3 million despite an increase in Alcohol & Coffee working capital to support growth
- **Property, plant and equipment** increasing by $43.7 million, reflecting the increased capital spend in Indonesia in the first half of 2016 and the completion of the hotfill production facility in New Zealand
- **Current and deferred tax liabilities** increasing $53.4 million due to reduced current tax instalments and deferred tax impact of movements in provisions and non-debt derivatives
- **Net non-debt derivative assets** increasing $49.6 million due to unrealised gains on commodity hedging contracts recognised in other comprehensive income

Excluding the non-cash impairment of SPC, return of capital employed would have improved 0.6 percentage points to 19.2 per cent.

DETAILED FINANCIAL COMMENTARY (CONTINUED)

FREE CASH FLOW

	2016	2015	Variance
	$M	$M	$M
Underlying EBIT	**683.4**	660.6	22.8
Depreciation and amortisation expenses	**269.3**	270.2	(0.9)
Impairment charges[1]	**4.1**	4.9	(0.8)
Changes in adjusted working capital[1, 2]	**17.7**	(57.3)	75.0
Net interest and other finance costs paid	**(56.0)**	(91.6)	35.6
Income taxes paid	**(145.0)**	(148.2)	3.2
Movements in other items[3]	**1.3**	(11.8)	13.1
Net operating cash flows	**774.8**	626.8	148.0
Payments for additions of property, plant and equipment and software development assets (net of government grant)	**(295.7)**	(256.0)	(39.7)
Payments for additions of other intangible assets	**(2.5)**	(0.2)	(2.3)
Proceeds from sale of non-current assets	**13.9**	19.7	(5.8)
Free cash flow	**490.5**	390.3	100.2
Cash realisation[4]	**110.9%**	93.1%	17.8 points

1. Excluding non-trading items relating to non-cash impairment of SPC. Refer to Note 3b) of the Financial Report for details
2. Working capital is adjusted to exclude the impact of non-cash flow and non-operating items such as foreign exchange translation, impacts of disposal of businesses and payables relating to additions of property, plant and equipment
3. Mainly comprising of movements in prepayments and provisions
4. Calculated as net operating cash flows divided by underlying NPAT (adding back depreciation and amortisation expenses before tax)

Free cash flow was $490.5 million, an increase of $100.2 million from last year. This is the highest free cash flow reported in over a decade. The free cash flow outcome resulted from a strong operating performance, improvements in working capital and lower net finance costs. This was partially offset by additional capital invested in Indonesia and New Zealand in line with our shareholder value proposition and growth objectives.

The lower **net finance costs** resulted from a full year interest income benefit of TCCC’s investment in Indonesia in April 2015, lower interest rates in Australia and timing of interest receipts in Indonesia.

Tax paid was slightly lower than FY15 due to lower tax instalments on Australian earnings.

Capital spend increased by $39.7 million reflecting the deferral of spend in Indonesia from 2015 into 1H16, as forecast.

Cash realisation increased 17.8 points to 110.9 per cent and free cash flow was more than sufficient to cover the dividend payments for the year.

DETAILED FINANCIAL COMMENTARY (CONTINUED)

CAPITAL EXPENDITURE

	2016	2015	Variance
	$M	$M	$M
Non-Alcohol Beverages			
– Australia	**57.5**	54.0	3.5
– New Zealand & Fiji	**38.8**	27.0	11.8
– Indonesia & Papua New Guinea	**126.3**	96.4	29.9
Alcohol & Coffee Beverages	**11.1**	6.5	4.6
Corporate, Food & Services	**62.0**	72.1	(10.1)
	295.7	256.0	39.7
Capital expenditure/trading revenue	**5.7%**	5.0%	0.7 points
Capital expenditure/depreciation and amortisation (software assets)	**1.10x**	0.95x	0.15x

Group capital expenditure was $39.7 million higher in 2016 at $295.7 million, in line with expectations. Capital expenditure continues to be approximately equal to depreciation and amortisation and weighted towards our growth segments. Capital expenditure in 2015 was lower than 2014 due to the deferral of spend on certain projects in Indonesia into 2016. This was consequently reflected in increased capital spend of $29.9 million in the **Indonesia & Papua New Guinea** segment in 2016.

In **Australian Beverages**, capex included initial spend in relation to the Richlands warehouse automation project and equipment required for new Powerade closures. Additional investment was also made in technology to support sales and customer service programs including development of the online ordering platform (*myCCA.com.au*) and the further automation of processes in support services in areas such as finance, human resources and information technology.

New Zealand & Fiji capex increased $11.8 million to $38.8 million predominantly reflecting the investment in the hotfill production facility in Auckland which was completed during the year.

Indonesia & Papua New Guinea capex increased to $126.3 million. We continued to invest in manufacturing capability, most notably, in a production line that is capable of manufacturing a smaller pack size for Sparkling Beverages with a longer shelf life. There was also additional investment in a number of other manufacturing plants. Rollout of cold drink equipment also continued.

Corporate, Food & Services: The majority of capex in this segment is associated with replacing cold drink equipment in Australia. Also, as part of the SPC investment program to modernise the business, capex was directed to installing a new tomato processing line.

CAPITAL – FINANCING

	2016	2015	Variance
	$M	$M	$M
Equity	**2,410.3**	2,409.8	0.5
Net debt			
– Cash assets	**(1,378.1)**	(1,237.5)	(140.6)
– Long term deposits	**–**	(88.1)	88.1
– Borrowings	**2,381.0**	2,511.2	(130.2)
– Other financial liabilities	**71.8**	24.4	47.4
– Net debt derivative (assets)/liabilities	**(81.9)**	(63.7)	(18.2)
Total net debt	**992.8**	1,146.3	(153.5)
	3,403.1	3,556.1	(153.0)
Net interest cover (calculated as underlying EBIT divided by net finance costs)	**9.4x**	7.7x	1.7x

The balance sheet remains in a strong position. **Net debt** decreased by $153.5 million to $992.8 million, driven by strong free cash flow. A substantial proportion of **cash assets** is held for specific purposes. For example, for future capital expenditure in Indonesia, as a term deposit held for a 2017 debt maturity in Indonesia, as collateral for a currency derivative, and in Papua New Guinea where there are presently constraints on the convertibility of the Kina due to government currency restrictions. Total available **debt facilities** at period end was $2.5 billion. The average maturity is 4.9 years and the maturity profile is as follows:

	31 Dec 2017	31 Dec 2018	31 Dec 2019	31 Dec 2020+
Borrowing maturity profile	%	%	%	%
Committed and uncommitted facilities maturity year	14.4	19.4	6.1	60.1

STRATEGY, PRIORITIES & OUTLOOK

In October 2014, we announced the results of a strategic review of the Group. Our plans reflect three broad Group strategic themes:

- **Lead**: strengthening category leadership position
- **Execute**: step change in productivity and in-market execution
- **Partner**: better alignment with The Coca-Cola Company and our other partners

In October 2016, we provided an update on the progress of the implementation of our strategic plans. We are confident that we have the right strategy in place and that our progress today will deliver the targeted outcomes for tomorrow.

Overall, we have also developed our Shareholder Value Proposition which articulates our investment case, earnings drivers and how we are targeting shareholder value creation. At a group level, we are targeting to achieve:

- Mid-single digit earnings per share growth
- Attractive dividends: above 80 per cent payout ratio
- Strong balance sheet and return on capital employed

Our level of performance is subject to the success of revenue initiatives in Australia, Indonesian economic factors and regulatory conditions in each of our markets.

AUSTRALIAN BEVERAGES

TARGETS

- Stabilise earnings and return to growth
- Shareholder value proposition: low single-digit EBIT growth

There continue to be indicators to support a cautious optimism about the future, whilst recognising that structural adjustments are likely to continue.

Lead – rebalancing the portfolio, focussing on Sparkling Beverages and accelerating Still Beverages

We have refreshed and strengthened our **category growth plans** with The Coca-Cola Company. In **Sparkling Beverages**, we are shaping choice and evolving with the consumer. We have several reformulation projects in the pipeline for 2017 and we are increasing the availability of smaller packs and portion sizes, most recently launching our 250ml PET bottle range in July 2016. We are also rolling out new packaging as part of TCCC's One Brand campaign. We are focussed on rebalancing our portfolio by accelerating the growth in **Still Beverages** and have a strong pipeline of innovation underpinned by an increase in marketing expenditure across Still Beverages for 2017.

Execute – reconfiguring our route-to-market model, and enhancing our revenue growth capabilities

We are reconfiguring our **route-to-market model**. We are focussed on improving our execution metrics and improving customer experience. Importantly, with some pressure in the operational account channels, we are allocating resources appropriately, creating efficiencies through automation and freeing up our sales teams for new business and market development activities. We are also making progress towards migrating more ordering online through the wider adoption of digital platforms.

We are building our revenue growth management capability through more targeted promotional spend, pack architecture changes focused on providing smaller portion sizes to support the rebalancing of our portfolio.

Execute – cost optimisation and reinvestment to remodel our supply chain and contribute to the rebalancing of our portfolio

We have delivered the $100 million **cost optimisation program**, set in 2014, well ahead of schedule, the full year effect of which will benefit 2017. Savings came from supply chain, procurement and support services optimisation and were reinvested in brand development and price to support our leadership position and to enhance our capabilities.

In October 2016, we announced a **second cost optimisation program**, targeting at least a further $100 million of savings to be delivered over three years. Initiatives include our Richlands warehouse automation project, supply chain 'Business Excellence' program, merchandising outsourcing, salesforce restructure, as well as further optimisation of procurement and support services. Approximately $75 million of capex will be spent on the Richlands warehouse automation project in 2017. There is also expected to be approximately $50 million of one-off restructuring costs in 2017 associated with this program, which will be offset by the expected profit from the proposed sale and leaseback of our Richlands site.

New initiatives to remodel our supply chain, targeting a further $20 million of savings to be delivered from 2020. These initiatives include the closure of our manufacturing facilities in South Australia and the addition of a new glass production line and expanded capacity for dairy and juice at Richlands which will contribute to the rebalancing of our portfolio. These initiatives have an associated capital investment of $90 million, the majority of which will be spent in 2018. There is also expected to be approximately $50 million of one-off costs associated with this program (the majority of which will be recognised in 2017), offset by surplus profit from the proposed sale and leaseback of the Richlands site and sale of the Thebarton site following its closure.

STRATEGY, PRIORITIES & OUTLOOK (CONTINUED)

AUSTRALIAN BEVERAGES (CONTINUED)

The savings from both of these cost optimisation programs will be reinvested in our "Sales Force of the Future" program, continued rebalancing of our portfolio, additional marketing and price investment. We have a well-established transformation office to manage the delivery of these cost optimisation programs as well as a number of revenue growth initiatives that support our category growth plans.

Partner – improving alignment with TCCC

We continue to benefit from improving alignment with TCCC. In 2016 we implemented new arrangements in water, which allowed us to take a portfolio perspective in the category. This has contributed to an improved competitive position and will enable accelerated innovation. We are also on track to introduce incidence pricing from the middle of 2017. This is a more aligned economic model for buying concentrate from TCCC, by linking the amount paid for concentrate to revenue.

Additional updates

Container deposit schemes – Several state governments in Australia have announced plans to introduce container deposit schemes. The NSW Government is well progressed in their plans to introduce a container deposit scheme, with the current date for commencement scheduled for 1 December 2017. We are a member of the "Exchange for Change" consortium, which has submitted a proposal to be appointed Scheme Coordinator and one of the Network Operators in NSW Container Deposit Scheme. We will continue to work with the New South Wales Government, and other state governments currently considering the introduction of similar schemes, to ensure all schemes are as cost efficient as possible. We are continuing to review the potential business implications and will provide updates as appropriate.

Cost of goods sold – We anticipate that cost of goods sold will increase by approximately 2-3 per cent in 2017, resulting primarily from an increase in sugar and electricity prices. We expect to recover these increases through our regular pricing processes.

Summary

Over the past two years, we have made significant changes to strengthen the foundations of our business. This includes major plans behind our cola portfolio, strong momentum in Still Beverages, transformation of what is already a world class route-to-market model, continuing focus on cost reduction while building the strength of the organisation and further strengthening our partnerships. We are confident the building blocks are in place for future sustainable growth.

NEW ZEALAND

TARGETS

- Build trust and focus on new opportunities
- Shareholder value proposition: low single-digit EBIT growth

We are focussed on maintaining our leadership position in Sparkling and Still Beverages and improving our relationships with our brand partners. We are driving the fundamentals for sustainable and profitable growth by ensuring that we offer our customers and consumers the world's leading beverage brands across a broad range of categories and formats. We are adding to our manufacturing and distribution capability, building our sales and marketing execution capability and expect continued growth in 2017.

FIJI

TARGET

- Shareholder value proposition: double-digit EBIT growth

Fiji is an important growth market. We continue to expand our distribution network through the rollout of cool drink equipment and increase the number of outlets ranging our products. Growth has been marginally impacted by excise increases from 1 July 2016. We expect to benefit from the recent investment in an additional production line.

STRATEGY, PRIORITIES & OUTLOOK (CONTINUED)

INDONESIA

TARGETS

- Expand our market presence to realise the market's potential
- Shareholder value proposition: double-digit EBIT growth

Indonesia continues to be an exciting growth market over the medium to long term given the favourable demographics and growing emerging middle class.

We expect to continue strengthening our leadership position in the Sparkling Beverages category, driven by our focus on strong market execution, new pack and product launches, and supported by a broader brand marketing and advertising program. A significant investment is also being made in the juice, tea and dairy categories to tap into the value opportunities these categories present.

Transformation of our route-to-market model, designed to increase availability, improve execution and broaden the customer base in the traditional trade, has been substantially completed in Jakarta and across Java. We are also rolling this out in other parts of Indonesia in 2017 including Bali and Sumatra. Product availability will continue to improve as a result of this transformation. Significant productivity gains are also being delivered through several initiatives in manufacturing and logistics efficiencies resulting in a lower overall cost to serve.

We continue to benefit from the very strong alignment with TCCC with governance and operating arrangements working well for both organisations.

PAPUA NEW GUINEA

TARGET

- Shareholder value proposition: double-digit EBIT growth

Papua New Guinea is also an important growth market. Despite current economic challenges we expect our strong growth to continue. We will continue expanding our distribution network as well as seeking productivity and efficiency improvements in manufacturing and logistics. We expect to benefit from the recent installation of a new can line. A continuation of the current shortfall in the availability of foreign currency that we can purchase will result in increasing amounts of Kina held on deposit in Papua New Guinea.

ALCOHOL & COFFEE

TARGETS

- Continue strong momentum
- Shareholder value proposition: double-digit EBIT growth

We expect to continue achieving growth across all categories and in each of our operating geographies.

Spirits: Our partnership with Beam Suntory across Australia and New Zealand continues to deliver opportunities. We have a category leadership position in bourbon and are working with Beam Suntory to bring innovation to this category.

Beer, Bitters & Cider: We will work closely with our partners to develop our brands and take advantage of significant opportunities across categories where we can leverage our distribution and footprint. We expect to further develop the craft beer range through the Australian Beer Company, with our joint venture partner, Casella Family Brands.

Coffee: We will continue developing the Grinders brand across our roast and ground and capsule products and expand our retail presence with a flagship store to open in Brisbane central business district.

SPC

TARGET

- Continue transformation into a profitable modern food business

SPC is making solid progress in delivering on this investment program, and has been well supported by its major customers and loyal consumers. However, returning to profitability is taking longer than had been expected. The SPC team has worked hard to deliver on the investment plan objectives and has made significant progress in modernising its manufacturing capabilities and bringing new innovative products to market, such as 'ProVital', 'Perfect Fruit' and several snacking-fruit products. We see a strong future for SPC as it continues to expand its range of products and targets additional markets. With the joint investment program with the Victorian Government expected to be completed this year, we remain committed to securing SPC's long term future.

STRATEGY, PRIORITIES & OUTLOOK (CONTINUED)

FINANCIAL OUTLOOK

TARGETS

- Continue delivering mid-single digit earnings per share growth
- Attractive dividends: above 80 per cent payout ratio
- Strong balance sheet and return on capital employed

Group EPS

We remain confident that our strategic framework, and aligned plans, are moving each business in the right direction and for the Group to continue achieving our target of mid-single digit earnings per share growth. Our level of performance is subject to the success of revenue initiatives in Australia, Indonesian economic factors and regulatory conditions in each of our markets.

Capital Expenditure

For 2017, additional capex is expected to be spent on specific initiatives within Australian Beverages, namely, our Richlands warehouse automation project resulting in Group capex of around $375 million. As a result of an additional $90 million of capex to be invested at Richlands including a new glass production line and additional capacity for dairy and juice, 2018 Group capex will be similar to 2017.

Dividend and Capital Management

We expect to generate sufficient free cash flow to support a medium term dividend payout ratio of over 80 per cent. It is anticipated that from 2017, franking will be lower than current levels.

Given the strength of our balance sheet and confidence in future trajectory and cash flows, we will commence an on-market share buy-back program of up to $350 million from late March 2017.

Balance Sheet and Return on Capital Employed

We expect to maintain a conservative balance sheet position which provides us with flexibility to fund future growth opportunities. We also expect to maintain strong return on capital employed.

SUSTAINABILITY STRATEGY

Coca-Cola Amatil is committed to making a distinct and positive contribution to the world in which we live. This means that with each decision we seek to deliver the best outcomes for our people, our environment, our communities as well as our shareholders. Coca-Cola Amatil's sustainability strategy focuses on four pillars: our people, our environment, wellbeing and our community. We report in detail our performance and commitments against each of these through our Sustainability Report. In 2016 Coca-Cola Amatil committed to an enhanced approach to sustainability reporting with more data and analysis on the sustainability performance of all our businesses and a transition towards the Global Reporting Initiative G4 framework. An overview of our performance in each of these areas is provided below.

Our people

Coca-Cola Amatil provides a safe, open and inclusive workplace where our people are energised by, and committed to, their safety and wellbeing at work. For Coca-Cola Amatil, a safe workplace is the result of both our 'safety first' culture and a clearly defined set of requirements for all employees. Coca-Cola Amatil strives to achieve and maintain a zero-harm workplace where safety is everyone's responsibility and each individual is held to account. The Group's Health, Safety & Wellbeing Policy requires all employees, suppliers, contractors and visitors to operate to the highest standards. In 2016, Coca-Cola Amatil's continued commitment to a safe and healthy workforce was demonstrated through a range of achievements, including:

- Targeted safety programs and safety participation across all businesses that delivered a total injury reduction of 74% over the 2012-2016 period
- 60 per cent decrease between 2012-2016 in Days Lost due to a reduction in injury severity
- Driver safety training for around 4,700 Amatil team members during 2016, continuing our focus on driver safety
- Continued strong safety engagement results across all businesses
- Proactive safety participation across all Businesses resulting in over 22,000 hazards being reported during 2016
- Implementation of health, fitness and wellbeing programs across the Group, further supporting our people to take proactive ownership of their health and safety

In addition, a recent employee survey concluded that 'safety and a zero-harm culture' featured in the top quartile of engagement imperatives, highlighting continued improvement in the safety culture of the organisation.

At Coca-Cola Amatil, the importance of creating a culture that values inclusion, recognises the unique contributions of our people, and builds capability is critical to our success. Coca-Cola Amatil is a 'relevant employer' under the Workplace Gender Equality Act, and reports on behalf of our Australian based businesses. In addition, the Group set measurable objectives to increase the representation of women in senior executive management and above roles from 16% to 22% by 2016 in accordance with the ASX Corporate Governance Principles and Recommendations relating to diversity. This target was achieved in 2016, and full details are contained in the Corporate Governance Statement. Amatil will define objectives for 2017 and beyond to ensure continued support and focus on providing equality of opportunity and achieving appropriate gender balance across all our geographies and businesses. Detailed information regarding the Group's Diversity and Inclusion Strategy, activities and plans will be released in the Amatil 2016 Sustainability Report.

Coca-Cola Amatil continues to focus on training and development of our people, fostering an environment that supports and encourages growth of employee skills through various systems, internal processes, and implementation of a performance based culture.

SUSTAINABILITY STRATEGY (CONTINUED)

Our Environment

Coca-Cola Amatil has a long-standing commitment to the environment and the communities that we operate in. Our employees share an awareness of, and commitment to the importance of sound environmental management. Our core focus areas include minimising water and energy use, improving recycling rates and reducing litter. Highlights for 2016 include:

- Maintaining and expanding our commitment to environmental management by maintaining certification to ISO14001 across our manufacturing and expanding to include more of our distribution sites
- Continuing to supply our customers with some of the most energy efficient coolers on the market and trialling new technologies such as natural refrigerants to further reduce the environmental impact of these units
- Ongoing work to further optimise packaging and include more recycled content particularly in PET to reduce our consumption of virgin materials and maintain recyclability across all pack formats
- Continuing our focus on the sustainable use of our water sources by regularly updating our hydrogeological studies to ensure sustainable supply at the highest possible quality
- Continuing to set and achieve targets in water and energy efficiency as well as waste to landfill and recycling at all of our production facilities
- Continuing to investigate opportunities with our key partners in utilities supply for renewable and low carbon technologies. We're presently installing a large scale solar system at our Fijian non-alcohol beverages plant
- Removing 2.8 million kilograms of rubbish from 9.7 kilometres of Bali's most iconic beaches in the ninth year of the Bali Beach Clean Up program in partnership with Quiksilver Indonesia. We also continue to support the Bali Surf Life Saving Association
- Donating more than 46,000 trees to vulnerable areas in Indonesia, sourced from the Coca-Cola Forest program in Lampung (South Sumatra) and Bandung (West Java), supporting the Citandui river conservation effort in West Java and reforestation effort in East Java
- Water for Life program in partnership with the East Bali Poverty Project, providing water tanks with the capacity to deliver 8,000 litres of clean water daily and bottled water to more than 1,500 households in Karangasem, East Bali

Wellbeing

Coca-Cola Amatil is committed to making a distinct and positive contribution to the wellbeing of its consumers. Coca-Cola Amatil does this by providing consumers with choice and information they need to make the right decisions for them and their families. The broad range of kilojoule and pack size options means that Coca-Cola Amatil's products can be enjoyed as part of a balanced, healthy lifestyle which includes a sensible diet, proper hydration and regular physical activity.

We know we have a role to play in promoting the energy balance message and helping consumers make the right choices.
Coca-Cola Amatil is continuing to increase the choice available to consumers and improve product information, including:

- Launched Coca-Cola's 'the right amount' campaign in Australia encouraging consumers to decide the right amount for them
- Launched 250mL PET bottle in Australia to increase the number of smaller serving sizes. With the launch of the 250mL bottle, small packs are now offered in 86% of grocery stores, and in 69% of convenience stores and petrol stations
- Launched FUZE Tea in Australia available in six flavours with a variety of black, green and red (Rooibos) teas. FUZE Tea is sweetened from natural sources and low-kilojoule options are available.
- Continued to implement a systematic reformulation plan in Australia:
  - Reformulated Deep Spring to 26% less sugar and kilojoules
  - Reduced sugar and kilojoule content of Sprite by 14%
  - Reformulated LIFT to 23% less sugar and 21% less kilojoules
  - At least 34% of our volume (litres) comprises of either low or no kilojoule or no sugar varieties
- Smaller pack size Coca-Cola 390mL, Fanta 390mL, Sprite 390mL, Frestea PET 350mL (4 flavours) and Minute Maid Refresh (cup) launched in Indonesia
- Launched the 300mL PET for Coca-Cola TM brands and Sprite in Papua New Guinea
- Continued the roll-out of the SPC ProVital® range, improving wellness and nutritional outcomes for consumers
- Relaunched the Coca-Cola Australia Foundation criteria to include the additional eligibility criteria for funding of 'Wellbeing, emotional physical and social'

SUSTAINABILITY STRATEGY (CONTINUED)

Our Community

Coca-Cola Amatil contributes to the economic and social development of local communities in which we operate through a range of initiatives including those detailed below.

AUSTRALIA

- Assisting disadvantaged young people with more than $1.0 million per annum in grants through the Coca-Cola Foundation (in conjunction with TCCC)
- Supporting community causes our employees care about with dollar for dollar matched payroll giving and provision of volunteer leave
- Donating products to Foodbank to support the delivery of half a million meals to charities across Australia
- Assisting in natural disaster response by providing products to emergency services and people in need
- Donating products to charity events
- Ongoing charity partnerships with the Avner Pancreatic Cancer Foundation and, through our Mount Franklin brand, with the McGrath Foundation

NEW ZEALAND

- Supporting community groups, churches, schools and sports groups through our staff sampling program providing all employees with a product allocation of $200 to donate individually or together with colleagues to a community group of their choice
- Supporting the fundraising initiatives of our community, sports or church groups through the provision of our Cara-Cooler caravans and any number of our beverages at cost for use in their fundraising events
- Supporting Youthline through fundraising events supported by The Coca-Cola Company and Coca-Cola Amatil New Zealand

INDONESIA

- Supporting the River, Ocean, Land and Ecology Foundation skills training program for 83 women living in disadvantaged areas of Bali
- Funding of $0.6 million for medical services, education scholarships for 111 students, support for cultural, sporting and environmental activities, in communities directly within our areas of operation
- Disaster relief through product donations to communities impacted by fire, earthquake and floods across Indonesia

PAPUA NEW GUINEA

- Continuing to support various community engagement events such as cultural shows, charity drives and sporting activities through product donation, sponsorship and event activation to the value of $0.3 million
- Assisting in disaster response initiatives with the provision of product to support those involved and impacted
- Donating pharmaceuticals, nebulisers, blood pressure machines, cotton wool and other medical equipment to Morobe Provincial Government, Department of Health

Coca-Cola Amatil's full Sustainability Report is available on our website *www.ccamatil.com*.

BUSINESS AND SUSTAINABILITY RISKS

Coca-Cola Amatil is exposed to a range of market, financial, operational, and socio-political risks which could have an adverse effect on Coca-Cola Amatil's future financial prospects. The nature and potential impact of these risks can change over time, and vary in degree with what the Company can control. Coca-Cola Amatil has a risk management framework in place with internal control systems to mitigate these key business risks.

For further information on Coca-Cola Amatil Limited's risk management framework, refer to Coca-Cola Amatil Limited's Corporate Governance Statement at *www.ccamatil.com* for discussion of Coca-Cola Amatil Limited's approach under Principle 7 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 3rd edition, being "Recognise and Manage Risk".

Coca-Cola Amatil's key business risks include, but are not limited to –
- Sparkling Soft Drinks category pressure
- Macro-economic factors impacting competition and demand
- Geo-political risks (Plastics Tax, Sugar Tax, Container Deposit Schemes)
- Relationship with The Coca-Cola Company (TCCC) and other brand partners
- Occupational Health & Safety (OH&S) risk
- Business Continuity due to natural disasters, utility disruptions and regulatory changes

Sparkling Soft Drinks category pressure

A risk to Coca-Cola Amatil earnings is the continued decline of the Sparkling Soft Drink category in Australia, New Zealand and Indonesia. A primary driver is the health and wellness concerns around sugar and artificiality which is shifting consumer preferences towards low and no kilojoule products, especially in developed countries. While this shift occurs, other non-carbonated beverage categories are experiencing strong growth and Coca-Cola Amatil continues to build its share in these categories. Coca-Cola Amatil is working closely with The Coca-Cola Company to leverage The Coca-Cola System's leadership position in Sparkling Soft Drinks to grow the category (and its share of category) and continue to take a meaningful share of Stills through up-weighted marketing investment, product innovation and extending customer reach.

Macro-economic factors impacting competition and demand

The retail environment in Australia and New Zealand remains challenging as consumer spending remains subdued across a number of areas, particularly in relation to food and beverage retailing. This has been reflected in the proliferation of value and private label beverages beyond water and persistent retailer pricing pressure. Strong market and demographic fundamentals underpin the Indonesian business, however this growth potential continues to attract competition putting further pressure on earnings. The constant lack of liquidity in the local Papua New Guinea currency market remains a risk for the Group. To continue to become more cost-competitive, Amatil will implement a range of strategic cost-out initiatives over 2017, will build scale and relevance in the markets in which it operates, and continue to manage its foreign exchange risks.

Geo-political risks (Plastics tax, Sugar Tax, Container Deposit Schemes)

The risks associated with regulatory interventions such as proposed container deposit schemes and potential sugar and plastics taxes continue to be a focus for The Coca-Cola System. The case for policies on the consumption of beverage products is generated by environmental and health advocates focusing on litter and obesity issues, and directed at governments that are seeking new sources of revenue. Coca-Cola Amatil continues to engage with key stakeholders to raise awareness of the impacts of additional regulations and find industry-led initiatives to achieve public policy objectives with minimal impact to consumers and Amatil.

Relationship with TCCC and other brand partners

Coca-Cola Amatil's relationships with all its partners is key to its success and forms a fundamental part of the core strategy. Coca-Cola Amatil's beverage business, of which TCCC branded products form the majority, relies on strong plans that are aligned for growth. Coca-Cola Amatil continues to drive further improvement in alignment with TCCC, and joint plans are in place with each of the Alcohol and other brand partners to profitably drive volume.

OH&S risk

Coca-Cola Amatil values safety and is committed to ensuring that a robust and effective OH&S framework is employed across the Group. While Coca-Cola Amatil has historically experienced low injury rates, the risk of serious injury through industrial and traffic accidents remains in all Coca-Cola Amatil markets due to the nature of the manufacturing and distribution business. Coca-Cola Amatil has a robust OH&S framework that is reviewed on a regular basis by management and audited externally. Additionally, management continue to invest in a number of initiatives to reduce OH&S related risks.

Business continuity risks due to natural disasters, utility disruptions and regulatory changes

Coca-Cola Amatil operates in environments that are susceptible to natural disasters (such as flood, fire and earthquakes), utility disruption, regulatory changes and cyber threats, which have the potential to cause business disruption. Business continuity frameworks are in place (this includes information technology disaster recovery and Cyber risk) and are tested regularly to reduce the impact of any major disruption. In addition, adequate insurance cover is in place across the Group.

BUSINESS AND SUSTAINABILITY RISKS (CONTINUED)

Capital and financial risk management

Information concerning Coca-Cola Amatil's capital and financial risk management can be found in Note 14 to the financial statements.

Further disclosure

Further information in relation to strategy, prospects for future financial years and business risks has not been disclosed. In the opinion of the Directors, such disclosures would unreasonably prejudice the interests of the Group, by providing to competitors information that Coca-Cola Amatil regards as being commercially sensitive to the business.

DIRECTORS' REPORT

Coca-Cola Amatil Limited and its subsidiaries

In accordance with the *Corporations Act 2001*, the Directors submit hereunder their Report on Coca-Cola Amatil Limited and its subsidiaries (referred to as Group), for the year ended 31 December 2016.

The Operating and Financial Review (OFR) on page 1 and the Remuneration Report on page 26 form part of this Directors' Report.

1 DIRECTORS

The names of the Directors of Coca-Cola Amatil Limited (also referred to as Company) in office during the financial year and until the date of this Report and each Director's holdings of shares and share rights in Coca-Cola Amatil Limited are detailed below:

	Ordinary shares No.	Long Term Incentive Plan (LTIP) share rights[1] No.
David Michael Gonski, AC	445,778	–
Alison Mary Watkins	83,399	774,852
Ilana Rachel Atlas	12,000	–
John Borghetti, AO	4,494	–
Catherine Michelle Brenner	18,232	–
Anthony Grant Froggatt	19,151	–
Martin Jansen	10,173	–
Mark Graham Johnson[2]	–	–
Wallace Macarthur King, AO	67,243	–
David Edward Meiklejohn, AM	25,497	–
Krishnakumar Thirumalai	8,100	–

1. Consists of the maximum number of unvested share rights in the 2015–2017 and 2016–2018 LTIP
2. Appointed 6 December 2016

2 DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of Committees of Directors) and the number of meetings attended by each of the Directors of the Company during the financial year are detailed below:

	Board of Directors		Audit & Risk Committee[1]		Sustainability Committee[1]		People Committee[1]		Related Party Committee[1]		Nominations Committee[1]	
	Meetings held while a Director	No. of meetings attended	Meetings held while a member	No. of meetings attended	Meetings held while a member	No. of meetings attended	Meetings held while a member	No. of meetings attended	Meetings held while a member	No. of meetings attended	Meetings held while a member	No. of meetings attended
D.M. Gonski, AC	7	7	4	4	5	5	5	5	6[3]	6	1[3]	1
A.M. Watkins	7	7	–	–	–	–	–	–	–	–	–	–
I.R. Atlas	7	7	4	4	–	–	5[3,4]	5	6	6	1	1
J. Borghetti, AO	7	6	–	–	2	2	1	1	4	3	1	1
C.M. Brenner	7	7	4	4	5[3]	5	5	5	6	6	1	1
A.G. Froggatt	7	7	4	4	–	–	5[3,4]	5	6	6	1	1
M. Jansen[2]	7	6	4	3	5	4	–	–	–	–	1	1
M.G. Johnson	1	1	–	–	–	–	–	–	–	–	–	–
W.M. King, AO	7	6	–	–	5	4	–	–	6	5	1	1
D.E. Meiklejohn, AM	7	7	4[3]	4	5	5	–	–	6	6	1	1
K. Thirumalai[2]	7	7	–	–	2	2	4[5]	4	–	–	1	1

1. Refer to the Corporate Governance Statement at *www.ccamatil.com* for further details on Committees
2. Nominees of The Coca-Cola Company and are non-residents of Australia
3. Chairman of the relevant Committee
4. Ms Atlas replaced Mr Froggatt as Chair of the People Committee on 25 August 2016
5. Member of People Committee up until 25 August 2016

3 INFORMATION ON DIRECTORS

DAVID GONSKI, AC
Chairman, Non-executive Director (Independent)

Joined the Board in October 1997 – Chairman, Related Party Committee and Nominations Committee; and Member, Audit & Risk Committee, Sustainability Committee and People Committee.

Background: Mr Gonski was a solicitor for 10 years with the law firm of Freehills and thereafter a corporate advisor in the firm of Wentworth Associates co-founded by him, which subsequently became part of the Investec Banking Group.

Degrees/Qualifications: Bachelor of Commerce and Bachelor of Laws (The University of New South Wales); Honorary Doctorate of Laws (University of Wollongong); Life Fellow, the Australian Institute of Company Directors; and Fellow, Certified Practising Accountant (CPA), Australia.

Other Listed Company Boards: Chairman, Australia and New Zealand Banking Group Limited.

Other Listed Company Directorships held in the last three years: Singapore Telecommunications Limited (SingTel) (retired March 2015).

Government & Community Involvement: President, Art Gallery of New South Wales Board of Trustees; Chancellor, The University of New South Wales (UNSW); Chairman, UNSW Foundation Limited; Director, the Lowy Institute for International Policy; Member, Australian Securities and Investments Commission (ASIC) External Advisory Panel; Member, NSW Government Arts and Cultural Advisory Committee; and Patron, Australian Indigenous Education Fund and the Raise Foundation.

ALISON WATKINS
Group Managing Director, Executive Director

Appointed in March 2014

Background: Ms Watkins joined Coca-Cola Amatil Limited in March 2014 as Group Managing Director. Previously, Ms Watkins was Managing Director of GrainCorp Limited. She has held other executive and non-executive roles in food, beverage, retail and financial services and was a partner at McKinsey & Company earlier in her career.

Degrees/Qualifications: Bachelor of Commerce (University of Tasmania); Fellow, Australian Institute of Company Directors; Fellow, Chartered Accountants Australia and New Zealand; and Senior Fellow, Financial Services Institute of Australasia.

Other Listed Company Directorships held in the last three years: Australia and New Zealand Banking Group Limited (retired April 2014).

Government & Community Involvement: Director, Centre for Independent Studies and the Business Council of Australia.

ILANA ATLAS
Non-executive Director (Independent)

Joined the Board in February 2011 – Chair, People Committee; and Member, Audit & Risk Committee, Related Party Committee and Nominations Committee.

Background: Ms Atlas has extensive experience in business and has held executive and non-executive roles across many industry sectors. From 2003 to 2010, she held senior executive roles within Westpac Banking Corporation. She practised as a lawyer for 22 years and was the Managing Partner of Mallesons Stephen Jaques.

Degrees/Qualifications: Bachelor of Jurisprudence (Honours) and Bachelor of Laws (Honours) (The University of Western Australia); and Masters of Laws (The University of Sydney).

Other Listed Company Boards: Non-Executive Director, Westfield Corporation Limited and Australia and New Zealand Banking Group Limited.

Other Listed Company Directorships held in the last three years: Westfield Holdings Limited and Suncorp Group Limited (retired August 2014).

Government & Community Involvement: Director, Human Rights Law Centre Ltd, Jawun Pty Ltd, New South Wales Treasury Corporation; and Fellow, Senate of The University of Sydney.

JOHN BORGHETTI, AO
Non-executive Director (Independent)

Joined the Board in December 2015 – Member, Sustainability Committee, People Committee, Related Party Committee and Nominations Committee.

Background: Mr Borghetti is the Chief Executive Officer and Managing Director of the Virgin Australia Airline Group, commencing in this role in May 2010. He has had over 40 years' experience in aviation, including a long career at Qantas.

Other Listed Company Boards: Managing Director, Virgin Australia Holdings Limited.

Government & Community Involvement: Director, the Australian Chamber Orchestra.

3 INFORMATION ON DIRECTORS (CONTINUED)

CATHERINE BRENNER
Non-executive Director (Independent)

Joined the Board in April 2008 – Chairman, Sustainability Committee; and Member, Audit & Risk Committee, People Committee, Related Party Committee and Nominations Committee.

Background: Ms Brenner is a former senior investment banker advising domestic and international clients on a range of mergers, acquisitions, privatisations and capital raisings. She has been a public company director for more than 12 years in the financial services, building materials, resources, property and biotech sectors including chairing remuneration, nominations, audit and risk and health and safety committees.

Degrees/Qualifications: Bachelor of Laws and Bachelor of Economics (Macquarie University); and Master of Business Administration (MBA) (Australian Graduate School of Management).

Other Listed Company Boards: Chairman, AMP Limited; and Non-Executive Director, Boral Limited.

Government & Community Involvement: Director, SCEGGS Darlinghurst Limited; and Member, Art Gallery of New South Wales Board of Trustees.

ANTHONY (TONY) FROGGATT
Non-executive Director (Independent)

Joined the Board in December 2010 – Member, Audit & Risk Committee, People Committee, Related Party Committee and Nominations Committee.

Background: Mr Froggatt is a former Chief Executive Officer of global brewing company Scottish & Newcastle plc. Prior to that, he held various senior management positions in Seagram Spirits & Wine Group, Diageo plc, H J Heinz and The Gillette Company. He is experienced in global business and brand development, in both mature and developing markets, as well as having extensive marketing and distribution knowledge particularly in the international food and beverages sector.

Degrees/Qualifications: Bachelor of Laws (Queen Mary College); and MBA (Columbia Business School).

Other Listed Company Boards: Non-Executive Director, Brambles Limited.

Other recent Listed Company Directorships held: Billabong International Limited (retired November 2013).

Government & Community Involvement: Chairman, Foodbank Australia.

MARTIN JANSEN
Non-executive Director (Nominee of TCCC)

Joined the Board in December 2009 – Member, Audit & Risk Committee, Sustainability Committee and Nominations Committee.

Background: Mr Jansen is the Region Director, Bottling Investments Group for China, Southeast Asia and Middle East and is responsible for The Coca-Cola Company's (TCCC) Bottling Investment interests in China, Singapore, Malaysia, Vietnam, Cambodia, Myanmar, UAE, Oman, Qatar, Bahrain and Egypt. He joined The Coca-Cola System in 1998, when he was appointed as the Chief Operating Officer for Coca-Cola Sabco. In 2001, he was appointed Chief Executive Officer, leading an anchor bottler with operations in 12 countries in Africa and Asia.

Degrees/Qualifications: Bachelor of Commercial Economics (HEAO Groningen, Netherlands); and Graduate of the Executive Development Program (Northwestern University Kellogg School of Management).

Other Listed Company Boards: Director, Haad Thip Public Company Limited (Thailand bottling partner).

MARK JOHNSON
Non-executive Director (Independent)

Joined the Board in December 2016 – Member, Audit & Risk Committee, Sustainability Committee, Related Party Committee and Nominations Committee.

Background: Mr Johnson was CEO and Senior Partner of PricewaterhouseCoopers (PwC) from July 2008 to June 2012 and held other senior positions (both internationally and in Australia) during his 30 year career at PwC, serving major clients in areas of audit, accounting, due diligence, fund raising and risk and governance. He is an experienced company director in the listed, private and not-for-profit sectors.

Degree/Qualifications: Bachelor of Commerce (The University of New South Wales); Fellow, Chartered Accountants Australia and New Zealand; CPA, Australia and Fellow, Australian Institute of Company Directors.

Other Listed Company Boards: Chairman, G8 Education Limited; and Director, Westfield Group.

Other Boards: Chairman, MH Premium Farms; and Non-Executive Director, HSBC Bank Australia Limited.

Government & Community Involvement: Director, Hospitals Contribution Fund of Australia (HCF) and The Smith Family; and Member, UNSW Australia School of Business Advisory Council and St Aloysius' College Council.

3 INFORMATION ON DIRECTORS (CONTINUED)

WAL KING, AO
Non-executive Director (Independent)

Joined the Board in February 2002 – Member, Sustainability Committee, Related Party Committee and Nominations Committee.

Background: Mr King has worked in the construction industry for over 40 years and was Chief Executive Officer of Leighton Holdings Limited, a company with substantial operations in Australia, Asia and the Middle East, from 1987 until his retirement on 31 December 2010.

Degrees/Qualifications: Bachelor of Engineering and Master of Engineering Science (UNSW); and Honorary Doctorate of Science (UNSW).

Other Listed Company Directorships held in the last three years: Ausdrill Limited (retired 28 October 2014); Asia Resource Minerals plc (retired 1 July 2015); and Sundance Resources Limited (retired 22 December 2016).

Government & Community Involvement: Deputy Chairman, UNSW Foundation Limited; and Director, Kimberley Foundation Australia Limited.

DAVID MEIKLEJOHN, AM
Non-executive Director (Independent)

Joined the Board in February 2005 – Chairman, Audit & Risk Committee; and Member, Sustainability Committee, Related Party Committee and Nominations Committee.

Background: Mr Meiklejohn was the Chief Financial Officer of Amcor Limited for 19 years until retirement in June 2000. Since retirement, he has served on the boards of a number of companies and was at different times Chairman of PaperlinX and SPC Ardmona, Deputy Chairman of GasNet Australia and a Director of the Australia and New Zealand Banking Group Limited, WMC Resources Limited and Treasury Corporation of Victoria. He has strong experience in finance and financial management and as a company director.

Degrees/Qualifications: Bachelor of Commerce and Diploma in Education (The University of Queensland); Fellow, Australian Institute of Management; Fellow, Australian Institute of Company Directors; and Fellow, CPA Australia.

Other Listed Company Boards: Non-executive Director, Mirrabooka Investments Limited.

Other recent Listed Company Directorships held: Australia and New Zealand Banking Group Limited (retired December 2013).

Government & Community Involvement: Chairman, Board of Governance of the Manningham Aged Care Centre.

KRISHNAKUMAR THIRUMALAI
Non-executive Director (Nominee of TCCC)

Joined the Board in March 2014 – Member, Sustainability Committee and Nominations Committee.

Background: Mr Thirumalai is the Region Director for the India, Bangladesh, Sri Lanka and Nepal bottling operations of TCCC. He has significant experience across developing and emerging markets in marketing, sales, distribution and supply chain. Prior to joining The Coca-Cola System, he has over 21 years' experience in confectionery, biscuits, detergents, cosmetics, paints industries, handling strategy, sales, marketing and general management functions. He is also Chairman, Hindustan Coca-Cola Beverages Pvt. Ltd. (India); and Director, Coca-Cola Bottlers Sri Lanka Limited and International Beverages Pvt. Ltd. (Bangladesh).

Degrees/Qualifications: Bachelor of Engineering (Electronics and Communication (Madras University); MBA (Indian Institute of Management); and Advanced Management Program (Wharton Business School).

Government & Community Involvement: FMCG Committee of the Confederation of Indian Industry.

4 COMPANY SECRETARY

Currently there are two Company Secretaries of Coca-Cola Amatil Limited. Their qualifications and experience are as follows:

Katie Newton-John – Group Company Secretary & Corporate Counsel

Joined Coca-Cola Amatil Limited in July 2012 and was appointed Company Secretary in January 2016. She holds a Bachelor of Laws degree from the University College London, a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia and is a Graduate from the Australian Institute of Company Directors. She has over 15 years' experience as a commercial and corporate lawyer and governance professional.

Betty Ivanoff – Group General Counsel

Joined Coca-Cola Amatil Limited in April 2016 as Group General Counsel and was appointed as a second Company Secretary in September 2016. She holds a Bachelor of Laws degree from the University of Technology (Sydney) and Advanced Management & Leadership from the University of Oxford – Said Business School. She has over 20 years' legal, company secretarial and commercial experience.

George Forster – Group General Counsel & Company Secretary (retired July 2016)

Joined Coca-Cola Amatil Limited in April 2005 as General Counsel and appointed Company Secretary in February 2007. He holds Bachelor of Laws and Bachelor of Commerce degrees from The University of New South Wales. He has over 30 years' experience as a corporate and commercial lawyer.

5 PRINCIPAL ACTIVITIES

Details of principal activities are set out in the OFR on page 1.

There were no significant changes in the nature of the Group's principal activities during the year.

6 DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has paid premiums for Directors' and Officers' liability insurance in respect of Directors and executive officers of the Company and subsidiaries as permitted by the *Corporations Act 2001*. The terms of the policy prohibit disclosure of details of the insurance cover and premiums.

7 INDEMNIFICATION OF AUDITORS

To the extent permitted by law, Coca-Cola Amatil Limited has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims made by third parties arising from the audit. The indemnity does not extend to any liability resulting from negligent, wrongful or wilful acts or omissions by Ernst & Young. No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

8 DIVIDENDS

	Rate per share ¢	Amount $M	Date paid or payable
Final dividend (franked to 75%) declared on ordinary shares for 2016 (not recognised as a liability)	25.0	190.9	7 April 2017
Dividends paid on ordinary shares in the financial year:			
Final dividend for 2015 (franked to 75%)	23.5	179.4	5 April 2016
Interim dividend for 2016 (franked to 75%)	21.0	160.4	7 October 2016

9 SHARE RIGHTS

Details of movements in share rights during the financial year are included in Note 17 to the financial statements within the Financial Report.

10 ENVIRONMENTAL REGULATION AND PERFORMANCE

Management of environmental issues is a core component of operational management within the Group's businesses. The Group is committed to understanding and minimising any adverse environmental impacts of its beverage and food manufacturing activities, recognising that the key areas of environmental impact are water and energy use, recycling rates and litter.

Group policy is to ensure all environmental laws and permit conditions are observed. The Group monitors its environmental issues at an operational level, overlaid with a compliance system overseen by the Sustainability Committee. Although the Group's various operations involve relatively low inherent environmental risks, matters of non-compliance are identified from time to time and are addressed as part of routine management, and typically notified to the appropriate regulatory authority.

11 SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, other than as referred to in the OFR, there have been no significant changes in the state of affairs for the year.

12 EVENTS AFTER THE BALANCE DATE

Subsequent to the balance sheet date, the Board has approved an on-market share buy-back of up to $350.0 million which is expected to commence from late March 2017.

Further, the Board has also approved closure of our manufacturing facilities in South Australia expected to occur in 2019, as part of the remodelling of our supply chain function. This program also includes spending an estimated $90.0 million on capital expenditure to expand capacity at the Richlands, Queensland site, with this total program to involve one off costs of approximately $50.0 million, which are expected to be offset by profit from sale of the Thebarton, South Australia site and from part of the profit from a proposed sale and leaseback of the Richlands site.

Other than the above, no matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations, the results of those operations or the state of affairs of the Group in subsequent financial periods.

13 ROUNDING

The Company is of a kind referred to in the *Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, and, accordingly, amounts in this Report and the Financial Report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

14 AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 105.

NON-AUDIT SERVICES

The following non-audit services were provided by the Company's auditor, Ernst & Young (Australia). The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided mean that auditor independence was not compromised.

Ernst & Young (Australia) received or is due to receive the following amounts for the provision of non-audit services:

- Other assurance services $414,000
- Other services $118,000

REMUNERATION REPORT

Coca-Cola Amatil Limited and its subsidiaries

This Remuneration Report outlines Coca-Cola Amatil's (Amatil's) remuneration strategy, framework and practices that apply to Key Management Personnel (KMP) in accordance with the requirements of the *Corporations Act 2001*.

The information contained in this Remuneration Report has been audited by Ernst & Young. Refer to the audit opinion on page 100.

1 INTRODUCTION FROM THE PEOPLE COMMITTEE CHAIR

Dear Shareholder,

In 2016 we continued our steady progress, implementing the plans put in place following our 2014 Strategic Review. We have delivered to our shareholder value proposition and achieved underlying mid-single digit EPS growth for Amatil as a whole. The strong performances of Indonesia & Papua New Guinea, New Zealand & Fiji, and Alcohol & Coffee offset the earnings decline in Australian Beverages as the business continues to rebalance the portfolio and remodel its supply chain in response to changes in the market. Alongside this profit growth there have been significant achievements in our 2016 focus areas across all our stakeholder categories (shareholder, customer, consumer, partner, productivity, community and Team Amatil). These are outlined in the Remuneration Report.

The Board and the People Committee believe that the performance in 2016 is reflected in the annual incentive outcomes for each of our disclosed executives.

The 2014-2016 Long Term Incentive Plan did not vest as the award failed to meet the minimum performance requirements. These 2014 awards were made prior to the strategic review and our restated performance expectations.

No significant changes were made to our approach to executive remuneration after the changes made in 2014 and 2015. The Committee is mindful of the benefit to executives of having consistency in the way they are paid over time, if possible.

During the year we reviewed the minimum shareholding requirement of Non-executive Directors. As a result of this review, the requirement has been increased and the time period available to attain the shareholding has been shortened. The Board believes that this revised requirement will ensure greater alignment with shareholders earlier in the tenure of each director.

In 2017, we will continue to monitor the effectiveness of our reward approach and we will refine and improve over the coming years as needed.

Finally, I would like to thank Tony Froggatt for his dedicated chairmanship of this Committee over many years.

The Board and People Committee hope you find this report informative.

Ilana Atlas
Chair, People Committee
Sydney
22 February 2017

2 WHO IS COVERED BY THE REPORT

KMP consist of senior executives (referred to as KMP Senior Executives) and Non-executive Directors. For 2016 they are:

Name	Position
KMP Senior Executives	
A.M. Watkins	Executive Director and Group Managing Director
M.J. Roberts	Group Chief Financial Officer
E.C. Wilson	Group Human Resources Director
K. Gunduz	Managing Director, Indonesia & Papua New Guinea
C.J. Litchfield	Managing Director, New Zealand & Fiji
B. O'Connell	Managing Director, Australian Beverages
Non-executive Directors	
D.M. Gonski, AC	Chairman
I.R. Atlas	Non-executive Director
J. Borghetti, AO	Non-executive Director
C.M. Brenner	Non-executive Director
A.G. Froggatt	Non-executive Director
M. Jansen	Non-executive Director
M.G. Johnson	Non-executive Director (appointed 6 December 2016)
W.M. King, AO	Non-executive Director
D.E. Meiklejohn, AM	Non-executive Director
K. Thirumalai	Non-executive Director

3 SUMMARY OF 2016 AND EXPECTATIONS FOR 2017

2016 IN REVIEW

KMP Senior Executives

2016 executive remuneration review was focused on at risk remuneration	Fixed and total remuneration was reviewed effective 1 March 2016. The Group Managing Director's fixed remuneration remained unchanged, but the Short Term Incentive Opportunity was increased. Overall this resulted in an 1.8% increase to total target remuneration. For the other KMP Senior Executives, increases to fixed remuneration were modest (1.5% for M. Roberts, B. O'Connell and K. Gunduz, and nil for E. Wilson), with the exception of C. Litchfield where a detailed review of the market and consideration of his performance in leading the New Zealand & Fiji business and his contribution to the Group Leadership Team resulted in a fixed remuneration increase of 20.1%. We continued to increase the proportion of remuneration at-risk, with increases to total target remuneration ranging between 1.5% and 5.2% (with an 21.8% increase for C. Litchfield).
The Short Term Incentive Plan design was further simplified	The operation of the Short Term Incentive Plan was simplified by removing the Individual Performance Factor component that was previously used as a multiplier to the scorecard outcome. 2016 incentives were determined 50% based on profit and 50% based on achievement of individual business objectives, other achievements through the year (that were not reflected in the objectives), and how the performance was delivered. The overall maximum that could be achieved in 2016 with this simplification was 150% of target which is lower than that available in 2015 when the Individual Performance Factor was in place (in 2015 the maximum was 187.5% of target).
The definition of Amatil profit was amended for the Short Term Incentive Plan to better align the Amatil outcome with the outcomes of the businesses	At the beginning of 2016 the definition of Amatil profit was amended to use two measures. The profit for the year attributable to shareholders of Amatil (as used in previous years), and Earnings Before Interest and Tax (EBIT). The use of these two measures together, and weighted equally, ensures a focus on the profit result generated for Amatil shareholders, and reflects the underlying performance of the businesses (as better represented by the EBIT result). The measure of profit for the businesses continues to be EBIT.
Short Term Incentive Plan outcomes aligned to business performance	Delivery against agreed commitments was reflected in the incentive outcomes for 2016. The Group Managing Director achieved an outcome of 100% of target, and the payouts for the other KMP Senior Executives ranged from 56.9% to 150% of target. As noted on page 39 of this report, in calculating profit, the Board determined to exclude the non-cash impairment charge taken on SPC from the incentive calculation to ensure that the incentive outcomes appropriately reflected the profit performance of Amatil in 2016.
The deferred share component of the Short Term Incentive Plan was increased	As described in last year's remuneration report, the share component was increased from 30% in 2015, to 40% in 2016. The shares have a restricted period of one year for half the shares, and two years for the other half.
The 2014-2016 Long Term Incentive Plan did not vest	Our three-year Total Shareholder Return and Earnings per Share growth failed to achieve the minimum performance requirements. These 2014 awards were made prior to the strategic review and the restatement of performance expectations.

3 SUMMARY OF 2016 AND EXPECTATIONS FOR 2017 (CONTINUED)

2016 IN REVIEW (CONTINUED)

Non-executive Directors

An increase to the Non-executive Director fee limit was approved by shareholders	An increase to the maximum Director fee limit was submitted and approved at the May 2016 Annual General Meeting (AGM). This increase was intended to enable continued reviews of fees in line with the policy of positioning fees at the median of the market, and provide flexibility to enable the Board to appropriately manage succession planning and director appointments. The approved maximum limit is now $2.8m, noting that this is a maximum limit and current fees have not been increased to that limit. Since the approval at the AGM, two directors had been added to the Board and Committees.
Committee fees were increased	Director fees were reviewed and changes were effective from 1 March 2016. Both the Chairman and Board member fees were positioned at approximately the median of the market, and no increase was made. However, the review highlighted that the fees for Committees were low compared to market. In light of this finding and the increasing time commitment of the Directors serving on the Committees, the fees for Chairing or being a member of a Committee were increased by 10% and 5% respectively. The review of fees for 2017 has recently been completed, and there will be no increase to fees in 2017.
The director shareholding requirement was increased and the timeframe to attain the holding was shortened	During the year the minimum shareholding requirement for the Non-executive Directors was reviewed. As a result of this review, the requirement has been increased and the time period available to attain the shareholding has been shortened. The revised requirement was implemented effective October 2016 and requires the Non-executive Directors to hold an amount equivalent to 50% of the Director base fee within three years of appointment, and 100% within five years of appointment. The applicable requirement for each existing director is required to be met within one year from the August 2016 effective date of the policy. The Board believes that this revised requirement will ensure greater alignment with shareholders earlier in the tenure of each director. The requirement does not apply to TCCC nominee directors given the significant shareholding held by TCCC, and their role as representatives of TCCC. The former guideline required 20% after five years, 40% after 10 years, 60% after 15 years and 80% after 20 years. A separate requirement, described later in this report, applies to the Group Managing Director and other KMP Senior Executives.

EXPECTATIONS FOR 2017

In 2017, the effectiveness of the reward approach will continue to be monitored, and refined and improved as needed. No significant future changes are currently envisaged.

4 REMUNERATION GOVERNANCE AT AMATIL

ROLES AND RESPONSIBILITIES

The table below sets out the roles and responsibilities of the Board, the People Committee and management in relation to Board and KMP Senior Executive remuneration.

The Board	The People Committee	Management
– Has accountability for KMP remuneration – Approves Group Managing Director remuneration – Approves Non-Executive Director remuneration (with shareholder approval required for the overall limit)	– Makes recommendations to the Board on Group Managing Director and Non-executive Director remuneration – Approves executive reward strategy, incentive plans and KMP Senior Executive Remuneration – Provides oversight of management's implementation of approved arrangements	– Prepares recommendations and information for the Committee's consideration and approval – Implements the approved remuneration arrangements

HOW DECISIONS ARE MADE

The decisions made by the Board and Committee are based on recommendations made by management and/or external advisors. When considering these recommendations, consideration is applied to the Amatil strategy, the performance and reward principles, the executive reward strategy, alignment with shareholder interests, external market practice, affordability and appropriate consideration of risk.

THE PRINCIPLES THAT GUIDE THE AMATIL APPROACH

Throughout Amatil our approach is guided by the principles set out below.

Performance @ Amatil	Reward @ Amatil
Performance @ Amatil focuses on: – Ensuring **alignment** to our vision and our strategy – Providing **clarity** on our expectations and specific goals we commit to deliver – Ensuring **accountability** for delivering against all of our commitments whilst demonstrating our values Performance @ Amatil is not a process or a system, but rather an **on-going conversation** throughout the year Performance @ Amatil requires us to set stretching but achievable performance expectations and holds us accountable for results. Each year we raise expectations and focus on continuously improving outcomes for our stakeholders	Reward @ Amatil provides **competitive remuneration and benefits**, based on consideration of all the relevant inputs to attract and retain the best people Reward @ Amatil enables **motivational** and **differentiated** reward outcomes based on the achievement of financial and other business objectives, and is aligned to affordability and the outcomes we deliver for our shareholders Reward @ Amatil re-enforces an **ownership mindset** by encouraging and facilitating our people to be shareholders For our KMP Senior Executives, this includes a significant proportion **at-risk** dependent on both **short and longer term** performance, and delivering a significant proportion using **shares** rather than cash
Underpinning both is a commitment to **simplicity**, **transparency** and **mitigating potential bias and inequities**	

4 REMUNERATION GOVERNANCE AT AMATIL (CONTINUED)

EXTERNAL ADVICE – WHERE REMUNERATION RECOMMENDATIONS WERE PROVIDED

In 2016, the Committee engaged PricewaterhouseCoopers (PwC), independent of management, to provide the Committee with remuneration recommendations (as defined under the *Corporations Act 2001*) with respect to the Group Managing Director's and the Non-executive Directors' remuneration.

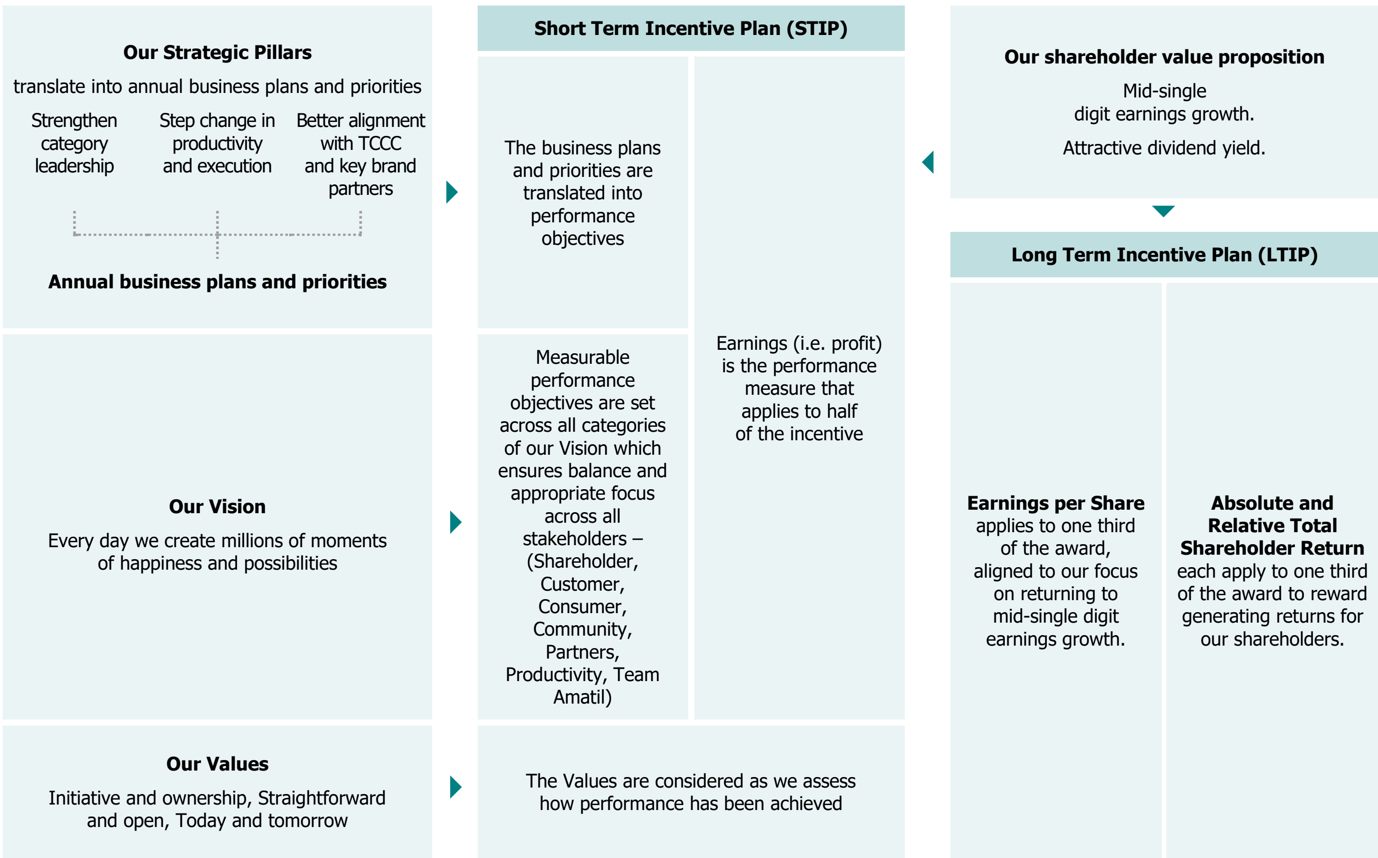
PwC reported directly to the Committee but was permitted to speak with management throughout the engagement to understand Amatil's processes, practices and other business issues and to understand Amatil management's perspective. PwC was not permitted to provide any member of management with a copy of its draft or final report that contained remuneration recommendations.

PwC confirmed to the Committee that the remuneration recommendations it provided have been made free from undue influence by the member(s) of KMP to whom the recommendation relates. Based on the procedures it has in place to govern PwC's engagement and the confirmation provided by PwC, the Committee is satisfied that the remuneration recommendations made by PwC are free from any undue influence.

The amount paid or payable for these services was $32,538 (including GST) for the 2016 year. In addition to providing remuneration recommendations, PwC provided advice on a range of other matters for the 2016 year, including internal audit consulting, accounting, overseas operation tax returns and expatriate support and tax advice. For these services, amounts paid or payable to PwC were $1,744,099 (including GST) for the 2016 year.

5 AMATIL'S STRATEGY, VISION AND VALUES AND THE LINK TO KMP SENIOR EXECUTIVE REWARD

Our KMP Senior Executive reward is designed to support and reinforce the Amatil strategy, and the Amatil Vision and Values. The at-risk components of KMP Senior Executive reward are therefore closely linked to the successful execution of the strategy in both the short and longer term.



6 REMUNERATION DETAILS FOR 2016

THE COMPONENTS OF KMP SENIOR EXECUTIVE REMUNERATION AT AMATIL

Overview of the components

KMP Senior Executive remuneration consists of fixed and at-risk components:

Fixed remuneration and benefits	Provides salary, superannuation and benefits appropriate to the KMP Senior Executive's role.
Short Term Incentive Plan (with 40% delivered as Amatil shares)	The Short Term Incentive Plan is the annual incentive plan for KMP Senior Executives. Awards under the Short Term Incentive Plan are based on both performance and the way in which that performance was delivered (i.e. alignment with Amatil's values). A portion is paid in cash and a portion (40%) delivered as Amatil shares and deferred for up to two years to ensure continued alignment with shareholder outcomes and a sustainable positive impact beyond the performance year of the incentive.
Long Term Incentive Plan	The Long Term Incentive Plan is an equity incentive plan used to align the reward of executives to the returns generated for Amatil shareholders.

To ensure strong alignment to shareholders, a minimum shareholding guideline applies. The Group Managing Director is required to hold an amount equivalent to 100% of fixed remuneration and other KMP Senior Executives are required to hold 50% of fixed remuneration in Amatil shares. A five-year time frame is permitted to attain this holding.

The diagram below illustrates how the different components of remuneration deliver rewards (subject to performance) over a three-year cycle.

	Year 1	Year 2	Year 3	
		60% paid as cash		
Short Term Incentive Plan	1 year performance period	20% shares restricted for 1 year	Vesting	
		20% shares restricted for 2 years		Vesting
Long Term Incentive Plan	Performance period			Vesting

How remuneration is set and reviewed

The remuneration for KMP Senior Executives is set on appointment and then reviewed annually. We set both fixed remuneration and the total remuneration opportunity by considering:

- experience, competence and performance in the role (or in a comparable external role if a new hire)
- competitive market pressures (for example, scarcity of talent for the specific role or function within a specific geography)
- relevant market data (referencing market median fixed remuneration and a 75th percentile total remuneration opportunity relative to comparable roles in comparable companies)
- desired focus on fixed vs. at risk remuneration
- internal equity with peer roles

6 REMUNERATION DETAILS FOR 2016 (CONTINUED)

THE COMPONENTS OF KMP SENIOR EXECUTIVE REMUNERATION AT AMATIL (CONTINUED)

The relative focus on fixed remuneration and at-risk remuneration

A significant portion of KMP Senior Executive remuneration is at-risk. The chart below illustrates the current relative focus between fixed remuneration, the Short Term Incentive Plan and the Long Term Incentive Plan for each KMP Senior Executive.

The policy for the KMP Senior Executives that report to the Group Managing Director is also illustrated. Through each remuneration review each role is being progressed towards the policy whilst ensuring that total remuneration remains appropriate.

The chart presents target total remuneration (i.e. target Short Term Incentive Plan and target Long Term Incentive Plan). At Amatil, target performance focusses on delivering to our shareholder value proposition, and successful delivery of individual business objectives each year, continually raising the bar on performance year on year. All targets are intended to be stretching yet achievable.

	Fixed Remuneration[1]	Short Term Incentive Plan (at target and including share component)	Long Term Incentive Plan (at target)
Group Managing Director			
A.M. Watkins	40%	29%	31%
KMP Senior Executives reporting to the Group Managing Director			
Policy Mix	50%	30%	20%
M.J. Roberts Group Chief Financial Officer	50%	30%	20%
E.C. Wilson Group Human Resources Director	53%	30%	17%
K. Gunduz Managing Director Indonesia & Papua New Guinea	50%	30%	20%
C.J. Litchfield Managing Director New Zealand & Fiji	50%	30%	20%
B. O'Connell Managing Director Australian Beverages	50%	30%	20%

1. Fixed remuneration for the purpose above does not include the other additional benefits described below or Mr Gunduz's expatriate allowances and benefits. The value of all the benefits and allowances are included in the tables later in this Section 6

Fixed remuneration

The fixed components of remuneration comprise base salary, superannuation, any salary sacrificed benefits and applicable fringe benefits tax.

Other additional benefits

In addition to fixed remuneration, the KMP Senior Executives are provided with other benefits including:

- a company product allowance
- annual health checks
- participation in the Employees Share Plan. The Employees Share Plan is open to all full and part-time employees of Amatil on a voluntary basis with each participant able to contribute up to 3% of base salary to purchase shares. For every share acquired a matching share is acquired by the trustee, which under normal circumstances vest to the employee after a period of two years. There are no performance conditions
- life, total and permanent disability and salary continuance insurance premiums are also paid if the KMP Senior Executive chooses to be a member of the Amatil Superannuation Plan in Australia

6 REMUNERATION DETAILS FOR 2016 (CONTINUED)

THE COMPONENTS OF KMP SENIOR EXECUTIVE REMUNERATION AT AMATIL (CONTINUED)

Short Term Incentive Plan

Set out below is a summary of the terms and conditions which apply to the plan for all KMP Senior Executives:

What is the purpose of the Plan?

The Short Term Incentive Plan is the annual incentive plan that is used for the KMP Senior Executives. Awards under the plan are based on both performance and the way in which that performance was delivered through consistent demonstration of Amatil's values.

What are the performance conditions and why were they chosen?

The 2016 plan has two components each comprising 50% of the incentive. Profit is used as the performance condition for half of the incentive focussing on achieving agreed earnings targets aligned to the shareholder value proposition. The other half of the incentive applies to specific business objectives set with each KMP Senior Executive which reflect their priorities for today and tomorrow as set out in the business plan and strategy. At Amatil, there is a focus on continually raising the bar on performance year on year. All targets are intended to be stretching yet achievable.

The profit component (50%)

For Amatil Group, profit is measured as profit for the year attributable to shareholders of Amatil, and as earnings before interest and tax (EBIT). These two measures are weighted equally. We believe the use of these two measures together, and weighted equally, ensures a focus on the profit result generated for shareholders, and reflects the underlying performance of the businesses (as better represented by the EBIT result).

For the businesses profit is measured as earnings before interest and tax (EBIT).

A threshold, target and stretch are set for Amatil and each business based on the business plan and the degree of difficulty the Committee and management believe is inherent in the Amatil and each business's targets. Each individual business therefore had a different threshold and stretch.

The Managing Directors of individual businesses are assessed 80% on their businesses profit and 20% on Amatil's profit. The exception is Mr O'Connell who is assessed 70% on the Australian Beverages profit, 15% on the Australian Alcohol profit (to reflect the importance of this business to growth in Australia) and a reduced 15% weighting on the Amatil result (given the impact the Australian Beverages profit has on the overall Amatil profit).

The maximum that can be achieved is 150% against the profit targets.

Individual business objectives (50%)

This component is based on the achievement of objectives set at the outset of the year.

The objectives are set across the stakeholder categories to ensure a balanced focus across Amatil's key stakeholders and business priorities. Each objective details a specific goal, and the related tasks and measures of success. They can include further financial metrics and both quantitative and qualitative objectives with relevant measures.

Weightings are assigned to each objective to reflect their relative importance to delivery of the strategy and required focus.

For each executive, the selection and weighting of each category and performance measure were based on the objectives of each business and correlate to the strategic plan and targets for that business.

The stakeholder categories and examples of the metrics applied in 2016 (which vary as relevant for each KMP Senior Executive) are:

Shareholder	Return on Funds Employed, Working Capital
Customer	Volume, Net Promoter Score, Delivery In Full On Time Accurately Invoiced
Consumer	Market share (volume and value), Portfolio mix, New Product Development, Category Acceptance score
Community	Corporate Reputation score, Community engagement
Partners	Satisfaction scores, delivery of shared annual partner plans and new partnership agreements
Productivity	Cost reduction targets, Sales productivity, Margin and capital management
Team Amatil	Total Recordable Injury Frequency Rate, Employee Engagement score, diversity targets

In addition to assessing the objectives, the Board may consider other results through the year (that were not reflected in the objectives), and how the performance was delivered (through demonstrating good leadership aligned with the Amatil values).

6 REMUNERATION DETAILS FOR 2016 (CONTINUED)

THE COMPONENTS OF KMP SENIOR EXECUTIVE REMUNERATION AT AMATIL (CONTINUED)

Short Term Incentive Plan (CONTINUED)

How is performance assessed?

The Committee relies on the audited Amatil financial results at the completion of the financial year to determine the extent to which the profit targets have been achieved. The following principles are applied when considering the profit result for incentive plan purposes:

- Adjustments to the statutory reported results for incentive purposes are by exception and are not intended to be regular
- Any adjustment will require the judgement of the Committee and should balance ensuring fair outcomes that reflect management's delivery of financial performance, with ensuring alignment to the outcomes experienced by Amatil shareholders. They are not intended to deliver an advantage or disadvantage in the incentive outcomes
- Consistency in logic should be applied year to year

The achievement of individual business objectives and overall performance of the KMP Senior Executives are assessed and recommended for approval to the Committee by the Group Managing Director. The Committee separately assesses the Group Managing Director's achievement and makes a recommendation to the Board for approval.

The Committee believes these methods provide an accurate and objective assessment of performance, with the appropriate level of governance, review and approval.

How is the incentive calculated?

The incentive is calculated by assessing performance and applying the relevant weightings.

Profit result (50% of STIP)

Assessed against the threshold, target and stretch and results in an outcome between 0 and 150%

+

Individual business objectives (50% of STIP)

Achievement of Individual Business Objectives, with consideration of other results through the year (that were not reflected in the objectives), and how the performance was delivered.

Each KMP Senior Executive is assessed between 0 and 150%.

×

Target STIP opportunity

How much can the executive earn each year?

Each KMP Senior Executive has a target opportunity specified in their contract or most recent remuneration review letter. The 2016 target Short Term Incentive Plan opportunity for the Group Managing Director was 73% of fixed remuneration. For the other KMP Senior Executives, it ranged from 58% of fixed remuneration to 61% of fixed remuneration. The maximum award an individual can earn is 150% of their respective target opportunity.

How is the award paid

For 2016, 60% of the post-tax award is paid as cash and 40% is delivered in Amatil shares under the Post-tax Share Purchase Plan. Half of the shares are subject to a one year holding period and half are subject to a two year holding period. As described last year, this was a planned increase from 30%.

Year 1	Year 2	Year 3	
	60% paid as cash		
1 year performance period	20% shares restricted for 1 year	Vesting	
	20% shares restricted for 2 years		Vesting

The shares are purchased on market and held irrespective of whether the executive is employed by Amatil during this period. The executive receives dividends and voting rights on the shares during this time.

The shares are released to the executive at the end of the respective holding periods except where:

- A participant is terminated for cause including but not limited to fraud, dishonesty, serious misconduct, or breaching the Amatil Code of Business Conduct
- A participant breaches post-termination restraint provisions during the holding period
- A participant enters into an arrangement to limit the share price risk associated with their restricted shares
- It would provide an inappropriate benefit (for example due to a financial misstatement relating to the STIP performance year)

6 REMUNERATION DETAILS FOR 2016 (CONTINUED)

THE COMPONENTS OF KMP SENIOR EXECUTIVE REMUNERATION AT AMATIL (CONTINUED)

Long Term Incentive Plan

Set out below is a summary of the terms and conditions of the 2016 grants made under the Long Term Incentive Plan:

What is the purpose of the Plan?	The Long Term Incentive Plan is an equity incentive plan used to align the reward of KMP Senior Executives to the returns generated for Amatil shareholders.
Who participates in the Plan?	The Board annually invites KMP Senior Executives to participate in the plan.
What type of awards are granted?	The Long Term Incentive Plan is a grant of rights to Amatil shares that vest after three years subject to the achievement of the performance conditions. There is no exercise price attached to the rights.
What size of awards are granted?	The 2016 target Long Term Incentive Plan opportunity for the Group Managing Director was 80% of fixed remuneration. For the other KMP Senior Executives, it ranged from 32% of fixed remuneration to 41% of fixed remuneration.
How is the number of rights determined?	The number of rights awarded is determined on a face value basis (i.e. by dividing the on-target award opportunity by the market price of Amatil shares at grant). This represents the target number of rights that can be earned based on achieving the performance conditions. The maximum number of rights is determined by the respective vesting schedules and for the 2016 grant is 200% of target. To achieve the maximum number of rights, each of the performance conditions must be met in full at their stretch levels of performance.
What is the performance period?	Grants made under the Long Term Incentive Plan have a three-year performance period. For the 2016 grant, the performance period is from 1 January 2016 to 31 December 2018.
What are the performance conditions and why were they chosen?	The performance conditions, targets and vesting schedules are reviewed each year prior to grants being made, to ensure they are aligned to the Amatil strategy and with the interests of Amatil shareholders. Three performance conditions apply to the 2016 grant. The performance conditions are: – Relative Total Shareholder Return – Absolute Total Shareholder Return – Earnings per Share One-third of the award will be assessed independently against each measure. The use of both measures of Total Shareholder Return will reward for both relative and absolute shareholder value creation and the Committee believes that the two measures complement each other and provide a balanced assessment of performance in terms of the returns generated for shareholders. The absolute measure has the benefit of providing executives with clarity on the level of shareholder return to attain through delivering on the Amatil strategy and generating share price growth and dividends for shareholders. Earnings per Share is used as the third measure as it provides a clear focus on meeting the earnings expectations communicated to the market, being a return to mid-single digit earnings growth.
What is the Relative Total Shareholder Return performance condition and target?	Relative Total Shareholder Return (Relative TSR) represents the change in the value of Amatil's share price over the performance period plus reinvested dividends, expressed as a percentage of the opening value of the share. Amatil's Relative TSR is measured over the performance period and assessed against the TSR of the comparator group over the same period. Amatil is then given a percentile ranking based on its comparative TSR performance. The comparator group comprises the ASX 100 (less banking and mining companies) as defined at the start of the performance period, reflecting a peer group of comparable top 100 Australian listed companies. The proportion of rights in this tranche that vest is determined based on the following table:

Total Shareholder Return percentile vs. comparator group	Percentage of target that vests	Percentage of maximum that vests
Less than 51st	Nil	Nil
51st	100%	50%
Between 51st and 75th	Pro-rata on a straight line basis	Pro-rata on a straight line basis
75th and above	200%	100%

6 REMUNERATION DETAILS FOR 2016 (CONTINUED)

THE COMPONENTS OF KMP SENIOR EXECUTIVE REMUNERATION AT AMATIL (CONTINUED)

Long Term Incentive Plan (CONTINUED)

What is the Absolute Total Shareholder Return performance condition and target?

Amatil's Absolute Total Shareholder Return (Absolute TSR) is measured over the performance period and assessed relative to a target of 8% compound annual growth rate (CAGR) for partial vesting and a target for maximum vesting of 12% CAGR.

To set the Absolute TSR target, external advisors provided insight and analyses. The target was then set by principally focussing on two analyses:

- the Return on Equity calculated using the Amatil Weighted Average Cost of Capital
- the TSR estimated by the business plan earnings and dividend forecasts and applying assumptions around the future Price Earnings ratio

The vesting range that commences at a CAGR of 8% and reaches maximum at a CAGR of 12% is consistent with these two analyses.

The Board recognises that the analyses are based on a set of pre-determined assumptions and the reality of the Australian share market could be quite different. However, the Board notes that the target of 8% CAGR was an approximate 5.5 percentage point premium to the prevailing risk free rate at the time of grant.

The proportion of rights in this tranche that vest is determined based on the following table:

Total Shareholder Return – CAGR	Percentage of target that vests	Percentage of maximum that vests
Less than 8%	Nil	Nil
8%	100%	50%
Between 8% and 12%	Pro-rata on a straight line basis	Pro-rata on a straight line basis
12% and above	200%	100%

What is the Earnings per Share performance condition and target?

The Earnings per Share (EPS) performance condition is subject to the measurement of Amatil's average annual growth in EPS over the three-year performance period. EPS is determined by dividing Amatil's profit for the year attributable to Amatil shareholders by the weighted average number of Amatil's ordinary shares on issue during the relevant financial year.

The target of 5% average annual growth per annum is consistent with mid-single digit earnings growth. 10% average annual growth per annum has been set as stretch performance required to achieve maximum vesting.

The proportion of rights in this tranche that vest is determined based on the following table:

Annual average growth in EPS	Percentage of target that vests	Percentage of maximum that vests
Less than 5%	Nil	Nil
5%	100%	50%
Between 5% and 8%	Pro-rata on a straight line basis	Pro-rata on a straight line basis
8% and above	200%	100%

How are performance conditions assessed?

At the completion of the three-year performance period, an external consultant undertakes the Relative TSR and Absolute TSR calculations to ensure independence of the calculation. For the EPS performance condition, the Committee relies on the audited financial results. EPS is measured applying the same approach to assessing profit as described in the STIP section of this report.

The Committee reviews the findings of the performance assessments and approves the vesting or lapsing of awards in accordance with the vesting tables.

Is retesting permitted?

There is no retesting of performance if performance conditions are not met at the end of the three-year performance period.

6 REMUNERATION DETAILS FOR 2016 (CONTINUED)

THE COMPONENTS OF KMP SENIOR EXECUTIVE REMUNERATION AT AMATIL (CONTINUED)

Long Term Incentive Plan (CONTINUED)

What happens on ceasing employment?	If a participant ceases employment before the end of the performance period by reason of death, disablement, retirement or redundancy, or for any other reason approved by the Board, subject to the Board's discretion: – if more than one-third of the performance period has elapsed, the rights will be pro-rated to the date of cessation and tested against the performance conditions at the end of the performance period; or – where less than one-third of the performance period has elapsed, all rights will lapse immediately. Where a participant ceases employment for any other reason, all rights will lapse immediately.
What happens if a change of control occurs?	In the event of a change of control prior to the end of the performance period, the Board has retained discretion to remove the performance condition. If the Board exercises this discretion, any award will be made at the higher of the number: – of target rights offered; or – that would have been allocated under the actual performance conditions, based on the most recent quarterly testing of the Relative and Absolute TSR and the annual testing of the EPS condition.
Are there dividends or voting rights?	There are no dividend entitlements or voting rights attached to the rights awarded. It is only if the rights vest and shares are acquired, that there is any entitlement to receive dividends and voting rights (and even then only from the time of allocation onwards).
Is there any clawback discretion?	The Board has a broad discretion to prevent participants from becoming entitled to any inappropriate benefit. For example, where the Board considers that there has been an act of fraud, dishonesty or serious misconduct, the Board may determine that a participant's unvested rights will lapse.

6 REMUNERATION DETAILS FOR 2016 (CONTINUED)

ACTUAL REMUNERATION RECEIVED IN 2016

2016 Short Term Incentive Plan outcomes – profit

The profit targets in the 2016 Short Term Incentive Plan were aligned to our shareholder value proposition; low growth targets for our developed markets, double digit growth for our growth markets, and underlying mid-single digit growth for Amatil as a whole. These profit targets were used to determine 50% of the incentive for 2016.

For Short Term Incentive Plan purposes, the Board decided to exclude the impact of the Board's decision to take a non-cash impairment on SPC. In reaching this decision, the Board took into account:

- The extent to which structural changes impacting the business were outside management's control
- Management's progress in executing the strategic plan for SPC, including continued cost improvement leading to improved efficiencies, product development and innovation leading to expansion in market categories, and overall modernisation of the business
- The adverse impact on the Group STIP outcome as a result of the inclusion in the profit result of SPC's failure to achieve budget in 2016

The Board believes that excluding the non-cash impairment from the incentive calculation is consistent with our principles for assessing performance and that the 2016 incentive outcomes appropriately reflects the 2016 performance of the Group and its current leadership.

2016 Short Term Incentive Plan outcomes – individual business objectives

The other 50% was determined based on the achievement of agreed annual objectives, which as described earlier are a mix of quantitative (including other financial metrics) and qualitative objectives. At Amatil, these annual objectives for KMP Senior Executives are intended to ensure continued focus on strategic priorities and raise the bar on performance year on year. All objectives are intended to be stretching yet achievable.

At the outset of 2016, clear performance objectives were set for the KMP Senior Executives that were critical to the delivery of the 2016 plan and fundamental to the success of the long term strategy while addressing the ongoing challenges of a dynamic and competitive operating environment. Successful delivery of some of these objectives delivered value in 2016, while others make Amatil stronger for the future.

In addition, business as usual Key Performance Indicators for each function of the business are tracked and managed to support performance and growth. The overall assessment of executives takes into account performance against these metrics alongside the achievement of individual business objectives and how the performance was achieved (i.e. through demonstrating good leadership aligned to the Amatil values) which ensures a holistic and full assessment of performance.

Detailed assessments were prepared by the Group Managing Director and discussed with the People Committee. The Board and the People Committee believe that the performance in 2016 has been appropriately reflected in the Short Term Incentive Plan outcomes.

2016 Short Term Incentive Plan outcomes – summary outcomes

The diagram below summarises the performance and resulting Short Term Incentive Plan outcomes. There were differentiated outcomes both in terms of the profit component and the achievement of individual business objectives.

Profit performance assessed against approved targets and schedules

Performance weighted between Group and business performance and applied the payment schedules to determine % of STIP achieved.

Individual Business Objectives assessed

Each KMP Senior Executive is assessed against objectives specific to their business or function, with consideration of other achievements through the year (that were not reflected in the objectives), and how the performance was delivered.

Profit component (50% of STIP)		**Objective achievement (50% of STIP)**		**Overall STIP outcome (% of target)**
Assessed 0 to 150% (threshold 50%, budget 100%, stretch 150%) Range achieved was 31.4% to 141.1%	+	Each KMP Senior Executive is assessed 0 to 150% Range achieved was 82.5% to 147.5%	=	Range achieved was 56.9% to 150%*

*Through discussion with the Board, the calculated outcome for Mr Gunduz was increased from 143.1% to 150% to reflect the extent to which the profit targets were exceeded.

6 REMUNERATION DETAILS FOR 2016 (CONTINUED)

ACTUAL REMUNERATION RECEIVED IN 2016 (CONTINUED)

The table and commentary below summarises the 2016 results for the Group Managing Director, Group Chief Financial Officer and the Group HR Director.

Group Managing Director

50%	Profit target	Met	Delivered the underlying profit result consistent with the shareholder value proposition.
50%	Shareholder	Met	In 2016 a strong focus was placed on strengthening shareholder engagement. The Lead, Execute, Partner strategic themes were well embedded as the foundation of our business plans and framework for communicating progress against our strategy. Shareholder feedback indicates the focus on engagement has been positively received and builds confidence in our strategy and leadership (shareholder value proposition, strategy updates). Also delivered significant improvement in core financial metrics including cash realisation and return on funds employed.
	Customer	Partially met	A priority for 2016 was for the Group Managing Director to lead from the front with Amatil customers, strengthen personal relationships with major customers and be a visible contributor to sales programs. Execution of initiatives have delivered strong results across the businesses including: significant investment and development of technology to improve experience for customers in Australia, revised route to market program and increase in direct customers and wholesalers in Indonesia, strong improvements to New Zealand's outlet base, product mix and net promoter score. Despite the achievement of various awards from customers in Australia, the growth of operational accounts remains challenging.
	Consumer	Partially met	Shaping consumer choice has been a priority and a revised strategy to enhance our portfolio by increasing availability of low and no calorie options has been executed alongside a proactive communication strategy to provide accurate information to consumers and enable informed choice. Brand Love and Category Acceptance scores have now stabilised. Implemented new Coca-Cola One Brand strategy, and strong progress on new products across all categories and in each of our businesses, including our Alcohol & Coffee and SPC portfolios. However, in Australia the decline in sparkling beverages continued, driven by sugar cola, and our SPC business has experienced declines in core categories which has been exacerbated by cheap imported products.
	Community	Met	Improved Corporate Reputation scores have been delivered through the implementation of a stakeholder engagement plan. This included proactive engagement with the Australian governments on container deposit legislation and sugar tax, and significant progress on the sustainability strategy and reporting. Strong community engagement through employee connected grant program of the relaunched Coca-Cola Australia Foundation.
	Partners	Met	2016 saw significant progress on the TCCC relationship via the introduction of a System Board (for Australia and New Zealand), commitment to an incidence-based pricing model for Australia and effective operation of the Board of Commissioners for our Indonesian business. Across the broader portfolio, recognition was received in the form of the Beam Suntory global partner award, and we successfully negotiated new long-term partnerships with Monster and Miller Coors International strengthening the Amatil portfolio.
	Productivity	Exceeded	Productivity gains during 2016 helped to deliver the overall profit outcome for the year. There was increased discipline implemented around Amatil's capital management, improved margins in Indonesia whilst holding margins in Australia and New Zealand, restructuring with SPC, and successful cost out initiatives throughout Amatil.
	Team Amatil	Exceeded	Amatil safety performance is always a focus and we continue to deliver strong improvements in the Lost Time Injury, Total Recordable Injury Frequency Rate and wellbeing programs. There was an increase in the Amatil wide engagement score with statistically significant improvements in the majority of items. Robust progress was made against the leadership development strategy with recorded improvements in leadership succession and functional and leadership capability development in Indonesia has delivered strong business benefits. The performance and reward strategy is delivering strong alignment of performance objectives and incentive outcomes to business results at all levels. Both business advocacy and brand ambassador scores have improved and diversity and inclusion focus has resulted in women representing 30% of the Amatil executive leadership teams.

6 REMUNERATION DETAILS FOR 2016 (CONTINUED)

ACTUAL REMUNERATION RECEIVED IN 2016 (CONTINUED)

Group Chief Financial Officer

The Group Chief Financial Officer's 2016 focus was aligned to the majority of the Group Managing Director's focus areas, but with a greater focus on the financial and strategic elements. In addition, there was a significant focus on strengthening the finance function across Amatil during his first full year in the role.

Group HR Director

The Group HR Director's (who also has accountability for Public Affairs and Communications) 2016 focus was aligned to the Group Managing Director's priorities and in particular the categories of Community and Team Amatil. There was strong delivery across all 2016 priorities and notably the number of significant achievements and improvements within the Amatil people agenda as noted above.

A brief summary is provided below for the KMP Senior Executives leading the Amatil businesses. This is a summary only and each of the KMP Senior Executives had detailed objectives specific to their 2016 plans and commitments.

Managing Director of Indonesia & Papua New Guinea

50%	Profit target	Exceeded	Both Indonesia and Papua New Guinea individually exceeding their stretch targets, with Indonesia doing so by a significant margin.
50%	Customer	Exceeded	Added over 120,000 new customers to direct service routes and 1,000 new wholesalers linked with programs designed to expand penetration in the wholesaler delivered (indirect) outlets.
	Consumer	Exceeded	Increased market volume share and increased availability in the carbonated soft drink and tea categories and, delivered through several successful major launches.
	Community	Exceeded	Strengthened stakeholder engagement in both Indonesia and Papua New Guinea from government to local community leaders. Collaborating with key industry associations to best represent Amatil's and stakeholders' interests on potential taxation changes.
	Partners	Met	Strengthened partnership with TCCC in both countries (including the CCAI Board of Commissioners operating effectively). Energy category plan successfully developed and agreed in Papua New Guinea and being very well executed.
	Productivity	Exceeded	Substantial progress has been made on labour cost control, controllable cost of goods sold management, operating efficiencies in supply chain, and head count optimisation.
	Team Amatil	Exceeded	Strong improvements in the Lost Time Injury and Total Recordable Injury Frequency Rate. Significant progress on building both technical and leadership capability to support the development of this business. Strong improvement to the Indonesian engagement score.

Managing Director of New Zealand & Fiji

50%	Profit target	Exceeded	Both New Zealand and Fiji individually exceeded their stretch targets.
50%	Customer	Exceeded	Strong improvements to outlet base, product mix and net promoter score ahead of plan.
	Consumer	Met	Improved Category Acceptance and Coke Brand Love scores.
	Community	Exceeded	Improved Corporate Reputational Approval score ahead of plan.
	Partners	Exceeded	Further strengthened partner relationships setting up Amatil in New Zealand & Fiji strongly for future success (including the new long-term partnership with Monster). Successful delivery to the 2016 joint service plans including year one for the Beam Suntory implementation.
	Productivity	Exceeded	Exceeded target for labour cost as a percentage of net sales revenue, and juice plant delivered on time and within budget.
	Team Amatil	Exceeded	Exceeded Total Recordable Injury Frequency Rate target, and successfully delivered another upper quartile engagement score (Aon Hewitt Asia Pacific Best Employer status was achieved in 2016).

6 REMUNERATION DETAILS FOR 2016 (CONTINUED)

ACTUAL REMUNERATION RECEIVED IN 2016 (CONTINUED)

Managing Director of Australian Beverages

50%	Profit target	Missed	Profit result was below the threshold set for earning the profit component of the incentive.
50%	Customer	Partially met	Growth in sales productivity, and achieved various customer service awards including Advantage No1 position in both Grocery and Convenience & Petroleum. Increased value add to customers though introduction of technology which enables better intelligence, insights and identification of sales and revenue opportunities. The growth of operational accounts progressed slower than targeted.
	Consumer	Partially met	Delivered growth in flavours and adult categories, but sparkling decline driven by sugar cola, and progress in some other categories was slower than targeted. Achieved value and volume share growth in Stills e.g. Energy and Water. Increased product and package innovation including Mt Franklin; FUZE; Smartwater, 250ml PET pack and several kilo joule reduction projects. Category Acceptance score improved.
	Community	Met	Strong state government engagement on the proposed container deposit scheme and improvements to Corporate Reputation Approval scores.
	Partners	Met	Monster partnership has had a successful start, good progress on the TCCC relationship including implementation of the water agreement and commitment to an incidence-based pricing model.
	Productivity	Met	Delivered phase 1 of cost out plan ahead of schedule. Transformation office in place with a disciplined process for identification and delivery of cost reduction and revenue growth initiatives.
	Team Amatil	Partially met	Strong Total Recordable Injury Frequency Rate improvement, improvements in diversity in operational roles, progress on organisational health scores but employee engagement remained flat.

6 REMUNERATION DETAILS FOR 2016 (CONTINUED)

ACTUAL REMUNERATION RECEIVED IN 2016 (CONTINUED)

2014-2016 Long Term Incentive Plan grants – tested at the conclusion of the 2016 year

The performance period for the 2014-2016 Long Term Incentive Plan commenced on 1 January 2014 and concluded on 31 December 2016. Performance was assessed at the conclusion of the 2016 year and as a result of performance over the three-year period, the performance conditions were not met, and the awards lapsed.

Grant	Performance period	Performance measure	Target	Stretch	Performance achieved
2014-2016	1 January 2014 to 31 December 2016	EPS	5%	10%	-4.8% average EPS, nil vesting
		TSR – peer group 1	51st percentile	75th percentile	19th percentile, nil vesting
		TSR – peer group 2	51st percentile	75th percentile	36th percentile, nil vesting

This is a similar outcome to the prior long term incentive grants over the past five years, as shown below. Each of these awards were made prior to the realignment of performance expectations as a result of the 2014 strategic review.

Grant	Performance period	Performance measure	Target	Stretch	Performance achieved
2013-2015	1 January 2013 to 31 December 2015	EPS	8%	16%	-10.1% average EPS, nil vesting
		TSR – peer group 1	51st percentile	75th percentile	-22.5% TSR, 7.7th percentile, nil vesting
		TSR – peer group 2	51st percentile	75th percentile	-22.5% TSR, 14.9th percentile, nil vesting
2012-2014	1 January 2012 to 31 December 2014	EPS	7%	16%	-10.3% average EPS, nil vesting
		TSR – peer group 1	51st percentile	75th percentile	-13.2% TSR, 12th percentile, nil vesting
		TSR – peer group 2	51st percentile	75th percentile	-13.2% TSR, 19th percentile, nil vesting

Consideration of clawback

Each year the Committee considers whether any events have occurred (or become apparent) during the year that merit the application of clawback to any unvested STIP shares or LTIP awards. The Committee considered the 2016 year and determined that no clawback application was required, including in relation to the non-cash impairment of SPC.

Five-year performance table

The table below provides the underlying information regarding Amatil's five-year performance that is reflected in the above assessments of short and long-term performance and vesting outcomes:

Financial year end 31 December	2012	2013	2014	2015	2016
Profit for the year attributable to shareholders of Coca-Cola Amatil Limited (before non-trading items) ($m)	556.3	502.8	375.5	393.4	417.9
Profit for the year attributable to shareholders of Coca-Cola Amatil Limited ($m)	457.8	79.9	272.1	393.4	246.1
EPS (before non-trading items) (cents)	73.1	65.9	49.2	51.5	54.7
EPS (cents)	60.1	10.5	35.6	51.5	32.2
Dividend per share (cents)	59.5	58.5	42.0	43.5	25.0
Closing share price ($)	13.45	12.03	9.32	9.30	10.12

6 REMUNERATION DETAILS FOR 2016 (CONTINUED)

ACTUAL REMUNERATION RECEIVED IN 2016 (CONTINUED)

The remuneration received by KMP Senior Executives

The following table sets out the value of the remuneration received by KMP Senior Executives during the year. The figures in this table differ from those shown in the statutory table later in Section 6 mainly because the statutory table includes an apportioned accounting value for all unvested Long Term Incentive Plan grants (which remain subject to the satisfaction of performance and service conditions and may not ultimately vest).

The values disclosed in the below table, while not in accordance with the accounting standards, are intended to be helpful for shareholders to assist in better demonstrating the linkages between performance and the remuneration realised by the KMP Senior Executives.

The table below shows:

- Fixed remuneration
- Short Term Incentive Plan excluding the post-tax share component
- Any vesting of Short Term Incentive Plan shares
- Any vesting of Long Term Incentive Plan awards
- Any vesting of Employee Share Plan (ESP) matching shares

	Fixed remuneration					At-risk – performance related			Other	
	Salary	Leave accrual	Non-monetary benefits	Other	Super-annuation	STIP excluding post-tax share component[1]	Vesting of STIP shares[2]	Vesting of LTIP[3]	ESP matching shares[4]	Total
	$		$	$	$	$	$	$	$	$
A.M. Watkins	2,178,951	–	8,668	1,287	19,462	1,273,600	119,684	–	–	3,601,652
M.J. Roberts	895,396	3,790	4,991	–	19,462	475,990	20,428	–	–	1,420,057
E.C. Wilson	667,893	20,246	5,723	7,093	19,167	347,374	31,491	–	17,388	1,116,375
K. Gunduz	692,615	–	488,232	336,063	19,308	467,124	28,255	–	17,182	2,048,779
C.J. Litchfield	415,237	20,905	6,099	48,700	35,295	326,729	34,471	–	8,233	895,669
B. O'Connell	943,495	29,929	5,353	–	18,985	268,865	37,596	–	18,743	1,322,966

1. The cash component of the 2016 Short Term Incentive Plan (which is payable in March 2017) excluding the post-tax share component. The shares are restricted half for one year and half for two years. The share amounts will be disclosed in the above table in the year of vesting
2. Vesting of the share component of the Short Term Incentive Plan for prior year incentives. The amounts shown represent half of the share component of the 2015 Short Term Incentive Plan award, purchased in February 2016 and which vested at 31 December 2016. The value represents the post-tax dollar amount used to purchase Amatil shares
3. The 2014-2016 Long Term Incentive Plan award did not vest
4. The matching shares that vested during 2016. The value represents the dollar amount used to purchase Amatil shares

The remuneration lapsed for KMP Senior Executives

	Plan	Actual % of maximum	Forfeited % of maximum
		%	%
A.M. Watkins	2016 STIP	67	33
	2014-2016 LTIP	–	100
M.J. Roberts	2016 STIP	73	27
E.C. Wilson	2016 STIP	73	27
	2014-2016 LTIP	–	100
K. Gunduz	2016 STIP	100	–
	2014-2016 LTIP	–	100
C.J. Litchfield	2016 STIP	96	4
	2014-2016 LTIP	–	100
B. O'Connell	2016 STIP	38	62
	2014-2016 LTIP	–	100

6 REMUNERATION DETAILS FOR 2016 (CONTINUED)

TOTAL REMUNERATION REPORTED IN 2016 – STATUTORY TABLE

The following table shows the total remuneration for the KMP Senior Executives during the current and previous reporting periods. The table has been prepared in accordance with the accounting standards, and accordingly, differs from the information presented in the actual remuneration earned in 2016 section above. Amounts are calculated from the date the individual was appointed to the KMP position or up to the date the individual ceased to hold the KMP position.

		Fixed					At-risk – performance related				Total remuneration	
		Short term				Post-employment	Short term		Share based payments			Performance related
		Salary	Leave accrual	Non-monetary benefits[1]	Other[1]	Superannuation	STIP[2]	Superannuation[3]	LTIP[4]	Other[5]		
	Year	$	$	$	$	$	$	$	$	$	$	%
KMP Senior Executives												
A.M. Watkins	**2016**	**2,178,951**	**–**	**8,668**	**1,287**	**19,462**	**1,600,000**	**–**	**1,130,498**	**–**	**4,938,866**	**55**
Executive Director and Group Managing Director	2015	2,171,434	91,832	450	7,720	19,046	1,564,500	–	694,518	–	4,549,500	50
M.J. Roberts (appointed on 14 July 2015)	**2016**	**895,396**	**3,790**	**4,991**	**–**	**19,462**	**597,977**	**–**	**133,049**	**26,862**	**1,681,527**	**45**
Group Chief Financial Officer	2015	410,984	14,673	258	–	9,654	267,027	–	–	12,241	714,837	39
E.C. Wilson	**2016**	**667,893**	**20,246**	**5,723**	**7,093**	**19,167**	**436,400**	**–**	**120,915**	**20,020**	**1,297,457**	**44**
Group Human Resources Director	2015	620,948	39	82,882	7,947	19,341	411,645	23,947	87,989	86,372	1,341,110	47
K. Gunduz	**2016**	**692,615**	**–**	**488,232**	**336,063**	**19,308**	**648,784**	**–**	**186,846**	**20,778**	**2,392,626**	**36**
Managing Director, Indonesia & Papua New Guinea	2015	719,674	–	432,970	351,660	19,046	371,626	–	114,301	140,402	2,149,679	29
C.J. Litchfield	**2016**	**415,237**	**20,905**	**6,099**	**48,700**	**35,295**	**446,351**	**–**	**112,768**	**12,457**	**1,097,812**	**52**
Managing Director, New Zealand & Fiji	2015	341,440	–	30,597	22,571	29,022	316,269	–	70,241	10,243	820,383	50
B. O'Connell	**2016**	**943,495**	**29,929**	**5,353**	**–**	**18,985**	**337,770**	**–**	**229,879**	**28,305**	**1,593,716**	**37**
Managing Director, Australian Beverages	2015	927,252	12,210	118,222	100,000	19,523	491,447	–	152,538	140,689	1,961,881	40
Former KMP Senior Executives												
P.N. Kelly (ceased in role on 31 March 2015)												
Managing Director, SPC	2015	123,600	123,631	108	24,843	–	–	–	–	–	272,182	–
N.I. O'Sullivan (ceased in role on 27 February 2015)												
Group Chief Financial Officer	2015	180,886	256,345	7,512	10,693	3,075	–	–	–	–	458,511	–
Total KMP Senior Executives	**2016**	**5,793,587**	**74,870**	**519,066**	**393,143**	**131,679**	**4,067,282**	**–**	**1,913,955**	**108,422**	**13,002,004**	
	2015	5,496,218	498,730	672,999	525,434	118,707	3,422,514	23,947	1,119,587	389,947	12,268,083	

Refer to footnotes on the following page

6 REMUNERATION DETAILS FOR 2016 (CONTINUED)

TOTAL REMUNERATION REPORTED IN 2016 – STATUTORY TABLE (CONTINUED)

1. Details are as under:
   - Non-monetary benefits: product allowance, insurance premiums (Life, Total and Permanent Disablement and Temporary Salary Continuance) through the Amatil Superannuation Plan, annual health checks, fully funded company car (Ms Wilson and now discontinued and included within salary), expatriate benefits (Mr Gunduz) and relocation costs (2015 only for Mr O'Connell)
   - Other benefits: cash benefits such as car parking allowances (Ms Watkins and Ms Wilson and now discontinued and included within salary), car allowance (Mr Litchfield), expatriate hardship allowance (Mr Gunduz) and club membership (Mr Gunduz and Mr Litchfield)
2. The Short Term Incentive Plan awards inclusive of the share component. The minimum Short Term Incentive Plan value is nil and the maximum value is what was actually paid or payable
3. Superannuation in relation to the 2014 Deferred Share Award (Ms Wilson)
4. Represents the estimated fair value of Amatil shares offered in the Long Term Incentive Plan calculated by multiplying the target number of shares by the fair value of the shares at grant date and amortised over the performance period. Where actual results or management estimates indicate that EPS components of plans have not vested or will not vest, amortisation ceases and pre-expensed amounts are reversed. For individuals who have or will cease to be KMP Senior Executive, the respective TSR amounts have been reversed due to non-achievement of the service criteria
5. Other includes:
   - Employees Share Plan amounts represent the Company's matching contribution
   - The accounting accrual related to the 2014 Deferred Share Award for eligible KMP Senior Executives. The minimum value of shares granted under this award is Nil and the maximum value is dependent on the market value of Amatil shares on the date of vesting which is unknown

7 KMP SENIOR EXECUTIVE EMPLOYMENT AGREEMENTS

Each KMP Senior Executive has a formal employment agreement. The agreements are of a continuing nature and have no set term.

A standardised approach to new executive employment agreements was implemented during 2015. There are variances in the termination entitlements provided in the legacy contracts as summarised below:

	Notice period and severance payments		
	Notice period by employer or executive (months)	**Severance (provided unless executive resigns or is terminated for cause)**	**Restraint following termination (months)**
A.M. Watkins	12	Not applicable	12
M.J. Roberts	6	Not applicable	6
E.C. Wilson	1	Notice plus 1 month per year of service (capped at 12 months)	6
K. Gunduz	3	Notice plus 1 month per year of service (capped at 12 months)	6
C.J. Litchfield	3	Notice plus 1 month per year of service (capped at 12 months)	6
B. O'Connell	6	Notice plus 1 month per year of service (capped at 12 months)	6

ADDITIONAL CONTRACTUAL TERMS

In addition to the above:

- Ms Watkins' employment contract specifies that on cessation of employment the minimum one-year service requirement for pro-rata eligibility for existing Long Term Incentive Plan grants does not apply
- Mr Roberts was recruited in March 2015 with a commencement date that was to be agreed subject to his release from his restraint with his previous employer. Due to this uncertain initial start date timing, no participation was offered in the 2015-2017 LTIP (grants were made in May 2015), and instead an additional pro-rata amount for the period from his actual commencement on 14 July 2015 to 31 December 2016 was added to the 2016-2018 LTIP grant
- As an expatriate in Indonesia, Mr Gunduz's contract also provides for expatriate benefits including medical insurance, housing and utilities, home leave, school fees, and an expatriate hardship allowance
- Based in New Zealand, Mr Litchfield's superannuation is 8.5% of salary aligned to New Zealand practice and Mr Litchfield also receives medical insurance cover and a car allowance as part of his fixed remuneration

8 NON-EXECUTIVE DIRECTOR REMUNERATION

The remuneration of Non-executive Directors comprises Directors' fees (base plus Board Committee fees) and superannuation contributions. No element of remuneration is performance related.

Based on advice received from external remuneration consultants (via the Committee), Director's fees are set and approved by the Board. Setting the fees takes into account the size and complexity of Amatil's operations, the Directors' associated workload and their responsibility for the stewardship of Amatil. No increase was made to the Chairman of the Board or Board member fees in 2016. As a result of the market review, and the increased time commitment of the Directors serving on the Committees, the fees for chairing each Committee and for being a member of a Committee were increased by 10% and 5% respectively. This increase was effective 1 March 2016.

The fees are paid within a maximum Director fee limit. This limit was reviewed during 2016 and submitted and approved by shareholders at the May 2016 AGM. The increase was intended to enable continued reviews of fees in line with the policy of positioning fees at the median of the market, and provide flexibility to enable the Board to appropriately manage succession planning and director appointments. The approved maximum limit is now $2.8m, noting that this is a maximum limit and current fees have not been increased to that limit. Since the approval at the AGM, two directors had been added to the Board.

Directors' fees

The annual Directors' fees (excluding superannuation contributions) payable to Non-executive Directors for the year ended 31 December 2016 were as follows:

	Chairman Fee	Member Fee
	$	$
Board	490,000	169,100
Audit and Risk Committee	38,500	20,423
Sustainability Committee	28,600	16,433
People Committee	28,600	16,433

No fees are payable in respect of membership of any other Board Committees. The Chairman of the Board does not receive any Committee fees.

8 NON-EXECUTIVE DIRECTOR REMUNERATION (CONTINUED)

Director shareholding requirement	As described earlier in this report, a revised requirement was implemented effective October 2016. The directors are required to hold an amount equivalent to 50% of the Director base fee within three years of appointment, and 100% within five years of appointment. The applicable requirement for each existing director is required to be met within one year from the August 2016 effective date of the policy. The Board believes that this revised requirement will ensure greater alignment with shareholders earlier in the tenure of each director. Formerly, this requirement was 20% after five years, 40% after 10 years, 60% after 15 years and 80% after 20 years. The requirement does not apply to TCCC nominee directors given the significant shareholding held by TCCC, and their role as representatives of TCCC.
Superannuation contributions	Contributions required under the Superannuation Guarantee legislation are made by the Company on behalf of Non-executive Directors.
Retirement benefits	There is no current scheme for the payment of retirement benefits. On 3 May 2006, shareholders agreed to the accrued benefits under the prior scheme being used to purchase shares in the Company. The shares are held by the trustee of the Non-executive Directors' Retirement Share Trust for Messrs Gonski and King until they cease to be a Director of Amatil. In accordance with the terms of the prior scheme, shares will not be transferred to them until their retirement.
Other benefits	The Non-executive Directors are able to access the staff sampling program that provides employees with a limited amount of company products for personal consumption. Additionally, the Company funds the cost for Australian immigration department compliant private health cover for Messrs Jansen and Thirumalai for the sole purpose of meeting the Australian government visa requirements. As such, this cover is not considered to be a benefit provided to these Directors.

The following table has been prepared in accordance with section 300A of the *Corporations Act 2001* and lists the amounts paid or payable for services provided by each Non-executive Director during the financial year:

		Short term		Post-employment	
		Base fees	Committee fees	Superannuation	Total
	Year	$	$	$	$
Non-executive Directors					
D.M. Gonski, AC	**2016**	**490,000**	**–**	**19,462**	**509,462**
Chairman	2015	490,000	–	19,046	509,046
I.R. Atlas	**2016**	**169,100**	**41,047**	**19,462**	**229,609**
	2015	169,100	35,100	19,046	223,246
J. Borghetti, AO	**2016**	**169,100**	**11,669**	**17,167**	**197,936**
Appointed on 1 December 2015	2015	14,092	–	1,339	15,431
C.M. Brenner	**2016**	**169,100**	**64,731**	**19,462**	**253,293**
	2015	169,100	43,271	19,046	231,417
A.G. Froggatt	**2016**	**169,100**	**44,271**	**19,462**	**232,833**
	2015	169,100	45,450	19,046	233,596
M. Jansen	**2016**	**169,100**	**36,564**	**19,437**	**225,101**
	2015	169,100	35,100	19,046	223,246
M.G. Johnson	**2016**	**12,170**	**2,653**	**1,408**	**16,231**
Appointed on 6 December 2016					
W.M. King, AO	**2016**	**169,100**	**16,303**	**17,613**	**203,016**
	2015	169,100	15,650	17,551	202,301
D.E. Meiklejohn, AM	**2016**	**169,100**	**54,220**	**19,462**	**242,782**
	2015	169,100	50,650	19,046	238,796
K. Thirumalai	**2016**	**169,100**	**16,302**	**17,613**	**203,015**
	2015	169,100	15,650	17,551	202,301
Total Non-executive Directors	**2016**	**1,854,970**	**287,760**	**170,548**	**2,313,278**
	2015	1,687,792	240,871	150,717	2,079,380

9 ADDITIONAL EQUITY DISCLOSURES

SHARE RIGHTS HELD BY KMP SENIOR EXECUTIVES UNDER THE LONG TERM INCENTIVE PLAN

The table below summarises the number of current share rights and their movements during the year.

			Maximum number of share rights[1]					
	Plan	Grant date	Opening balance	Granted	Vested	Lapsed	Other	Closing balance
A.M. Watkins	2014-2016	13 May 2014	209,798	–	–	(209,798)	–	–
	2015-2017	12 May 2015	384,228	–	–	–	–	384,228
	2016-2018	18 May 2016	–	390,624	–	–	–	390,624
			594,026	**390,624**	**–**	**(209,798)**	**–**	**774,852**
M.J. Roberts	2016-2018	18 May 2016	–	119,208	–	–	–	119,208
			–	**119,208**	**–**	**–**	**–**	**119,208**
E.C. Wilson	2014-2016	13 May 2014	20,978	–	–	(20,978)	–	–
	2015-2017	12 May 2015	36,225	–	–	–	–	36,225
	2016-2018	18 May 2016	–	49,106	–	–	–	49,106
			57,203	**49,106**	**–**	**(20,978)**	**–**	**85,331**
K. Gunduz	2014-2016	13 May 2014	50,350	–	–	(50,350)	–	–
	2015-2017	12 May 2015	57,786	–	–	–	–	57,786
	2016-2018	18 May 2016	–	64,998	–	–	–	64,998
			108,136	**64,998**	**–**	**(50,350)**	**–**	**122,784**
C.J. Litchfield	2014-2016	13 May 2014	7,662	–	–	(7,662)	–	–
	2015-2017	12 May 2015	37,960	–	–	–	–	37,960
	2016-2018	18 May 2016	–	45,692	–	–	–	45,692
			45,622	**45,692**	**–**	**(7,662)**	**–**	**83,652**
B. O'Connell	2014-2016	13 May 2014	34,599	–	–	(34,599)	–	–
	2015-2017	12 May 2015	74,483	–	–	–	–	74,483
	2016-2018	18 May 2016	–	88,186	–	–	–	88,186
			109,082	**88,186**	**–**	**(34,599)**	**–**	**162,669**

1. Numbers are quoted on the basis of maximum potential vesting

The table below provides the value[2] of share rights granted, vested or lapsed during the year.

	2016-2018 plan – granted		2014-2016 plan – lapsed	
	At grant date	Maximum	At date vested	At date lapsed[3]
	$	$	$	$
A.M. Watkins	910,805	1,821,610	–	1,180,374
M.J. Roberts	277,953	555,907	–	–
E.C. Wilson	114,499	228,998	–	116,878
K. Gunduz	151,554	303,107	–	280,517
C.J. Litchfield	106,539	213,077	–	42,689
B. O'Connell	205,620	411,241	–	192,767

2. All values are calculated in accordance with AASB 2 Share-based Payment. The value assumes a performance achievement at the maximum level, other than the value at grant date
3. Lapsed includes forfeited value and is calculated using the maximum value less the vested amount

9 ADDITIONAL EQUITY DISCLOSURES (CONTINUED)

SHARE RIGHTS HELD BY KMP SENIOR EXECUTIVES UNDER THE LONG TERM INCENTIVE PLAN (CONTINUED)

The table below provides a summary of vesting and forfeiture, the future financial years in which vesting may occur, and the estimated maximum total value of grants that could vest.

	Share based compensation benefits				
	Year granted	% vested	% forfeited	Financial years in which rights may vest	Maximum total value of grant yet to vest[1] $
A.M. Watkins	2016	–	–	2018	1,214,396
	2015	–	–	2017	1,169,612
	2014	–	100	2016	–
M.J. Roberts	2016	–	–	2018	370,604
E.C. Wilson	2016	–	–	2018	152,664
	2015	–	–	2017	110,270
	2014	–	100	2017	–
K. Gunduz	2016	–	–	2018	202,070
	2015	–	–	2017	175,904
	2014	–	100	2017	–
C.J. Litchfield	2016	–	–	2018	142,050
	2015	–	–	2017	115,555
	2014	–	100	2017	–
B. O'Connell	2016	–	–	2018	274,158
	2015	–	–	2017	226,732
	2014	–	100	2017	–

1. No grants will vest if the performance conditions are not satisfied; hence, the minimum value of the grants yet to vest is nil. The maximum value has been estimated based on the fair value per grant at the maximum achievement of the vesting scale less amounts already expensed

The table below summarises the key terms of grants that have vested or lapsed during the year, and that remain unvested as at 31 December 2016.

	Grant date	Vesting/ expiry date	Performance measure	Fair value at grant date per share rights[2] $	Performance Achieved[3]
A.M. Watkins	13 May 2014	31 Dec 2016	EPS	8.03	-4.8%, nil vesting
			TSR – peer group 1	2.42	19th percentile, nil vesting
			TSR – peer group 2	3.93	36th percentile, nil vesting
	12 May 2015	31 Dec 2017	EPS	9.08	To be determined
			Relative TSR – peer group	5.38	To be determined
			Absolute TSR	3.79	To be determined
	18 May 2016	31 Dec 2018	EPS	7.89	To be determined
			Relative TSR – peer group	3.62	To be determined
			Absolute TSR	2.48	To be determined
All other KMP Senior Executives	13 May 2014	1 Mar 2017	EPS	7.96	-4.8%, nil vesting
			TSR – peer group 1	2.39	19th percentile, nil vesting
			TSR – peer group 2	3.88	36th percentile, nil vesting
	12 May 2015	31 Dec 2017	EPS	9.08	To be determined
			Relative TSR – peer group	5.38	To be determined
			Absolute TSR	3.79	To be determined
	18 May 2016	31 Dec 2018	EPS	7.89	To be determined
			Relative TSR – peer group	3.62	To be determined
			Absolute TSR	2.48	To be determined

2. Fair values vary due to differing grant and vesting dates
3. The rewards received under the LTIP are dependent on long term performance, the 2015 and 2016 grants are still to be tested. The percentage of grants that will vest will be determined based upon Amatil's long term performance at the end of each performance period

9 ADDITIONAL EQUITY DISCLOSURES (CONTINUED)

KMP SENIOR EXECUTIVE SHAREHOLDINGS

The table below shows the movements in shareholdings for KMP Senior Executives during 2016. These include:

- Purchased shares and vested shares: shares either purchased on market or received through a Coca-Cola Amatil share plan and no longer subject to any restrictions
- STIP shares: shares purchased as part of a STIP award that have not yet completed their holding period and remain subject to forfeiture in specific circumstances
- Employee Share Plan shares: purchased and matching shares that have not yet completed their holding period and remain subject to forfeiture in specific circumstances
- 2014 Deferred Share Award: shares purchased as part of the 2014 award to specific KMP Senior Executives that have not yet completed their holding period and remain subject to forfeiture in specific circumstances

		Opening balance	Purchased, granted or DRP[1]	Transfer	Closing balance
A.M. Watkins	Purchased and vested shares	45,390	1,319	23,003	69,712
	STIP shares	9,316	27,374	(23,003)	13,687
		54,706	**28,693**	**–**	**83,399**
M.J. Roberts	Purchased and vested shares	450	–	2,336	2,786
	STIP shares	–	4,672	(2,336)	2,336
	Employee Share Plan shares	2,270	5,954	–	8,224
		2,720	**10,626**	–	**13,346**
E.C. Wilson	Purchased and vested shares	2,499	744	10,213	13,456
	STIP shares	3,060	7,202	(6,661)	3,601
	2014 Deferred Share Award	8,240	–	–	8,240
	Employee Share Plan shares	7,470	4,414	(3,552)	8,332
		21,269	**12,360**	**–**	**33,629**
K. Gunduz	Purchased and vested shares	884	1,903	13,255	16,042
	STIP shares	5,283	9,032	(9,799)	4,516
	2014 Deferred Share Award	14,453	–	–	14,453
	Employee Share Plan shares	7,542	4,534	(3,456)	8,620
		28,162	**15,469**	**–**	**43,631**
C.J. Litchfield	Purchased and vested shares	17,572	1,961	8,818	28,351
	Legacy LTIP[2]	7,823	–	(1,161)	6,662
	STIP shares	2,304	7,330	(5,969)	3,665
	Employee Share Plan restricted shares	4,140	2,716	(1,688)	5,168
		31,839	**12,007**	**–**	**43,846**
B. O'Connell	Purchased and vested shares	3,578	1,003	11,183	15,764
	STIP shares	2,986	8,598	(7,285)	4,299
	2014 Deferred Share Award	13,730	–	–	13,730
	Employee Share Plan shares	9,746	6,278	(3,898)	12,126
		30,040	**15,879**	**–**	**45,919**

1. Includes the purchase of shares and shares issued under the Dividend Reinvestment Plan and shares granted under various employee ownership plans. Additions to shareholdings were at arm's length
2. Mr Litchfield's vested shares from his 2007-2009 LTIP that are held in trust

9 ADDITIONAL EQUITY DISCLOSURES (CONTINUED)

NON-EXECUTIVE DIRECTORS SHAREHOLDINGS

The table below shows the movements in ordinary shares that are held by Non-executive Directors during 2016:

	Opening balance[1]	Purchased or DRP[2]	Closing balance
D.M. Gonski, AC	434,894	10,884	445,778
I.R. Atlas	5,000	7,000	12,000
J. Borghetti, AO	–	4,494	4,494
C.M. Brenner	14,732	3,500	18,232
A.G. Froggatt[3]	19,151	–	19,151
M. Jansen	10,173	–	10,173
M.G. Johnson	–	–	–
W.M. King, AO	56,771	10,472	67,243
D.E. Meiklejohn, AM	25,497	–	25,497
K. Thirumalai[4]	–	8,100	8,100

1. Includes existing balances of shares on appointment to Non-executive Director roles, and any shares held in the legacy Non-executive Director retirement plan or Non-executive Director share plan
2. Includes the purchase of shares and shares issued under the Dividend Reinvestment Plan. Additions to shareholdings were at arm's length
3. Shares held under an enduring power of attorney
4. Shares held in the form of American Depository Receipts

10 LOANS TO KMP AND OTHER TRANSACTIONS OF KMP AND THEIR PERSONALLY RELATED ENTITIES

Neither Amatil nor any other Group company has loans with KMP or was party to any other transactions with KMP (including their personally related entities).

The Directors' Report has been signed in accordance with a resolution of the Directors

David M. Gonski, AC
Chairman
Sydney
22 February 2017

Alison M. Watkins
Group Managing Director
Sydney
22 February 2017

FINANCIAL REPORT

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2016

CONSOLIDATED INCOME STATEMENT

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December

	Note	2016	2015
		$M	$M
Trading revenue	2	5,150.8	5,093.6
Cost of goods sold		(3,011.9)	(2,953.4)
Delivery		(227.8)	(238.4)
Gross profit		**1,911.1**	**1,901.8**
Other revenue	2	60.6	58.7
Expenses			
Selling		(703.3)	(709.7)
Warehousing and distribution		(186.3)	(185.4)
Support services and other[1]		(615.8)	(404.8)
		(1,505.4)	**(1,299.9)**
Share of loss of joint venture entity	11a	(0.2)	–
Earnings before interest and tax		466.1	660.6
Net finance costs			
Finance income	2	41.8	34.6
Finance costs	3	(114.8)	(120.8)
		(73.0)	**(86.2)**
Profit before income tax	3	393.1	574.4
Income tax expense	10a	(135.8)	(171.0)
Profit for the year		**257.3**	**403.4**
Attributable to:			
Shareholders of Coca-Cola Amatil Limited		246.1	393.4
Non-controlling interests		11.2	10.0
Profit for the year		**257.3**	**403.4**
Earnings per Share (EPS) attributable to shareholders of Coca-Cola Amatil Limited			
Basic and diluted EPS (cents)	5	**32.2**	**51.5**

1. 2016 includes amounts classified as non-trading items. Refer Note 3b) for further details

Notes appearing on pages 59 to 98 to be read as part of the financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December

	2016	2015
	$M	$M
Profit for the year	**257.3**	**403.4**
Other comprehensive income		
Items to be reclassified to the income statement in subsequent periods:		
Foreign exchange differences on translation of foreign operations	33.1	(8.0)
Reclassification of foreign exchange differences on disposal of a business	(1.6)	–
Cash flow hedges	53.5	(26.8)
Income tax effect relating to cash flow hedges	(13.8)	10.1
	71.2	**(24.7)**
Items not to be reclassified to the income statement in subsequent periods:		
Actuarial valuation reserve	10.3	24.5
Income tax effect	(2.9)	(7.3)
	7.4	**17.2**
Other comprehensive income	**78.6**	**(7.5)**
Total comprehensive income for the year	**335.9**	**395.9**
Attributable to:		
Shareholders of Coca-Cola Amatil Limited	313.3	383.3
Non-controlling interests	22.6	12.6
Total comprehensive income for the year	**335.9**	**395.9**

Notes appearing on pages 59 to 98 to be read as part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December

		Attributable to shareholders of Coca-Cola Amatil Limited						
	Note	**Share capital**	**Treasury shares**	**Reserves**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
		$M	$M	$M	$M	$M	$M	$M
At 1 January 2016		**2,271.7**	**(16.8)**	**322.9**	**(491.7)**	**2,086.1**	**323.7**	**2,409.8**
Total comprehensive income for the year		–	–	67.2	246.1	313.3	22.6	335.9
Transactions with shareholders:								
Share-based remuneration		–	1.1	3.5	–	4.6	–	4.6
Dividends paid	4	–	–	–	(339.8)	(339.8)	(0.2)	(340.0)
		–	1.1	3.5	(339.8)	(335.2)	(0.2)	(335.4)
At 31 December 2016		**2,271.7**	**(15.7)**	**393.6**	**(585.4)**	**2,064.2**	**346.1**	**2,410.3**
At 1 January 2015		**2,271.7**	**(16.3)**	**(11.3)**	**(564.4)**	**1,679.7**	**7.0**	**1,686.7**
Total comprehensive income for the year		–	–	(10.1)	393.4	383.3	12.6	395.9
Transactions with shareholders:								
Share-based remuneration		–	(0.5)	1.6	–	1.1	–	1.1
Dividends paid	4	–	–	–	(320.7)	(320.7)	–	(320.7)
Change in ownership interest in subsidiary		–	–	342.7	–	342.7	304.1	646.8
		–	(0.5)	344.3	(320.7)	23.1	304.1	327.2
At 31 December 2015		**2,271.7**	**(16.8)**	**322.9**	**(491.7)**	**2,086.1**	**323.7**	**2,409.8**

Notes appearing on pages 59 to 98 to be read as part of the financial statements

CONSOLIDATED BALANCE SHEET

Coca-Cola Amatil Limited and its subsidiaries
as at 31 December

	Note	2016	2015
		$M	$M
Current assets			
Cash assets	13a	1,378.1	1,237.5
Trade and other receivables	6a	976.8	1,030.8
Inventories	6b	676.4	733.9
Derivatives	13d	35.2	44.2
Current tax assets	10b	1.5	9.9
Prepayments		36.8	71.7
Total current assets		**3,104.8**	**3,128.0**
Non-current assets			
Property, plant and equipment	7	1,948.9	2,019.9
Intangible assets	8	1,207.4	1,265.9
Long term deposits		–	88.1
Investment in joint venture entity	11a	26.1	26.3
Defined benefit superannuation plans	11b	20.9	19.1
Derivatives	13d	124.5	96.1
Other receivables		14.3	11.2
Prepayments		17.3	12.8
Total non-current assets		**3,359.4**	**3,539.4**
Total assets		**6,464.2**	**6,667.4**
Current liabilities			
Trade and other payables	6c	1,194.4	1,239.6
Borrowings	13b	421.5	539.0
Other financial liabilities	13c	71.8	24.4
Provisions	11c	97.9	119.3
Current tax liabilities	10b	42.0	35.5
Derivatives	13d	15.5	43.5
Total current liabilities		**1,843.1**	**2,001.3**
Non-current liabilities			
Borrowings	13b	1,959.5	1,972.2
Provisions	11c	14.1	14.8
Deferred tax liabilities	10b	156.0	163.0
Defined benefit superannuation plans	11b	44.3	49.0
Derivatives	13d	36.9	57.3
Total non-current liabilities		**2,210.8**	**2,256.3**
Total liabilities		**4,053.9**	**4,257.6**
Net assets		**2,410.3**	**2,409.8**
Equity			
Share capital	12a	2,271.7	2,271.7
Treasury shares	12b	(15.7)	(16.8)
Reserves	12c	393.6	322.9
Accumulated losses		(585.4)	(491.7)
Equity attributable to shareholders of Coca-Cola Amatil Limited		**2,064.2**	**2,086.1**
Non-controlling interests		346.1	323.7
Total equity		**2,410.3**	**2,409.8**

Notes appearing on pages 59 to 98 to be read as part of the financial statement

CONSOLIDATED STATEMENT OF CASH FLOWS

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December

	Note	2016	2015
		$M	$M
Inflows/(outflows)			
Operating cash flows			
Receipts from customers		6,097.8	5,965.4
Payments to suppliers and employees		(5,122.0)	(5,098.8)
Interest income received		41.8	21.6
Interest and other finance costs paid		(97.8)	(113.2)
Income taxes paid		(145.0)	(148.2)
Net operating cash flows	13a	**774.8**	**626.8**
Investing cash flows			
Payments for:			
– investment in long term deposits		–	(84.9)
– additions of property, plant and equipment		(283.5)	(246.4)
– additions of software development assets		(17.2)	(19.6)
– additions of other intangible assets		(2.5)	(0.2)
Proceeds from:			
– withdrawal of long term deposits		85.3	–
– disposal of property, plant and equipment		13.9	19.7
– government grant relating to additions of property, plant and equipment		5.0	10.0
– disposal of businesses[1]		9.2	–
Net investing cash flows		**(189.8)**	**(321.4)**
Financing cash flows			
Proceeds from issue of ordinary shares in subsidiary (net)		–	646.8
Proceeds from borrowings and other financial liabilities		589.5	167.6
Borrowings repaid		(688.0)	(371.3)
Dividends paid	4	(339.8)	(320.7)
Dividend paid to non-controlling interests		(0.2)	–
Net financing cash flows		**(438.5)**	**122.4**
Net increase in cash and cash equivalents		146.5	427.8
Cash and cash equivalents held at the beginning of the year		1,237.4	803.0
Effects of exchange rate changes on cash and cash equivalents		(6.9)	6.6
Cash and cash equivalents held at the end of the year	13a	**1,377.0**	**1,237.4**

1. Relates to disposal of SPC Nature's Finest Limited (UK) and business and net assets of Coca-Cola Amatil (CDE Aust) Pty Ltd (previously known as Quirks Australia Pty Ltd)

Notes appearing on pages 59 to 98 to be read as part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

Coca-Cola Amatil Limited and its subsidiaries

OVERVIEW

Coca-Cola Amatil Limited (also referred to as Company) is a for profit company limited by shares that is incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. Coca-Cola Amatil Limited does not have a parent entity. The nature of the operations and principal activities of Coca-Cola Amatil Limited and its subsidiaries together (referred to as we, our or Group) are described in Note 1 Segment Reporting. This financial report was authorised for issue in accordance with a resolution of the Coca-Cola Amatil Limited Board of Directors on 22 February 2017.

BASIS OF PREPARATION

This general purpose financial report:

- has been prepared in accordance with *Australian Accounting Standards*, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*
- has been prepared on the basis of historical cost, except for certain financial assets and liabilities which have been measured at fair value (Note 15)
- complies with *International Financial Reporting Standards* as issued by the International Accounting Standards Board
- is presented in Australian Dollars
- presents reclassified comparative information where necessary to conform to changes in presentation in the current year
- presents all values as rounded to the nearest hundred thousand dollars, unless otherwise stated under the option available to Coca-Cola Amatil Limited under *Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*
- adopts all new and amended *Australian Accounting Standards* and *Interpretations* issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or after 1 January 2016 all of which did not have a material impact on the financial statements
- does not early adopt any *Australian Accounting Standards* and *Interpretations* that have been issued or amended but are not yet effective, with the exception of *AASB 9 Financial* Instruments *– 2013* and *AASB 2016 – 2 Amendment of Accounting Standards – Disclosure initiatives* which was early adopted on 1 January 2014 and 1 January 2016 respectively (refer to Note 24 for further details).

USE OF ESTIMATES

In applying the Group's accounting policies, management has made a number of estimates and assumptions concerning the future. The key estimates and assumptions that are material to the financial statements relate to the following areas:

- Estimation of useful lives of property, plant and equipment and intangible assets, refer to Notes 7 and 8
- Impairment testing, refer to Note 9
- Income tax, refer to Note 10
- Accrual for rebates and promotional allowances, refer to Note 6c

PRINCIPLES OF CONSOLIDATION

SUBSIDIARIES

The consolidated financial statements of the Group comprise those of the parent entity, Coca-Cola Amatil Limited, and its subsidiaries. The Group controls an entity when it has power over the entity, is exposed to, and has the rights to, variable returns from its involvement with that entity and has the ability to affect those returns.

In preparing the consolidated financial statements, the effects of all intra-group transactions, balances and unrealised gains and losses on transactions between entities in the Group have been eliminated. The financial statements of subsidiaries have been prepared for the same reporting period as that of the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

NON-CONTROLLING INTERESTS (NCIs)

The Group measures NCIs at their proportionate share of the subsidiary's identifiable net assets, results for the year and movements in reserves. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for in equity as transactions with shareholders.

OVERVIEW (CONTINUED)

FOREIGN CURRENCY TRANSLATION

Both the functional and presentation currency of Coca-Cola Amatil Limited and its Australian subsidiaries is Australian Dollars. Each entity in the Group determines its own functional currency, reflecting the currency of the primary economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Exchange rate gains or losses arising from the application of these procedures are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

The assets and liabilities of foreign subsidiaries are translated by applying the rate ruling at balance date and revenue and expense items are translated at the average rate calculated for the period. Transactions in equity are translated by applying the rate ruling on the date of the transaction with no subsequent revaluation. The exchange differences arising from translation of the financial statements of foreign subsidiaries at these various exchange rates, are recognised in other comprehensive income within the foreign currency translation reserve. When a foreign operation is sold, the associated exchange differences are reclassified to the income statement as part of the gain or loss on sale.

I OUR RESULTS

1 SEGMENT REPORTING

We operate in a number of segments, based on results that are reported to the Group Managing Director. The Australia, New Zealand & Fiji and Indonesia & Papua New Guinea Non-Alcohol Beverages segments derive their revenues from the manufacture, distribution and marketing of sparkling drinks and other non-alcohol beverages. The Alcohol & Coffee Beverages segment manufactures and distributes alcohol and coffee products. The Corporate, Food & Services segment includes other non-individually reportable businesses and comprises of the corporate office function for the Group, the processing and marketing of fruit and other food products business (SPC), and the provision of certain support services to the Group and third party customers business.

Segment results are evaluated on an earnings before interest, tax and non-trading items basis. Segment net assets include Assets and Liabilities – Operating and Investing amounts (which excludes net debt amounts). Net debt comprises of cash assets, long-term deposits, debt related derivative assets and liabilities, borrowings and other financial liabilities. The Group manages its net debt, net finance costs and income taxes on a Group basis and these measures are therefore not reported internally at a segment level. Inter-segment transactions are conducted on normal commercial terms and conditions.

I OUR RESULTS (CONTINUED)

1 SEGMENT REPORTING (CONTINUED)

SEGMENT INFORMATION

	Non-Alcohol Beverages											
	Australia		New Zealand & Fiji		Indonesia & Papua New Guinea		Alcohol & Coffee Beverages		Corporate, Food & Services		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Trading revenue	2,670.2	2,763.0	551.5	513.0	1,053.3	1,008.9	533.8	434.4	342.0	374.3	5,150.8	5,093.6
Other revenue	6.3	5.5	9.1	7.4	1.6	1.5	11.9	10.5	31.7	33.8	60.6	58.7
Segment revenue	**2,676.5**	**2,768.5**	**560.6**	**520.4**	**1,054.9**	**1,010.4**	**545.7**	**444.9**	**373.7**	**408.1**	**5,211.4**	**5,152.3**
EBITDA before non-trading items[1]	529.5	540.7	134.6	126.2	146.4	122.6	50.0	38.8	92.2	102.5	952.7	930.8
Depreciation and amortisation expenses	(74.2)	(76.9)	(29.0)	(27.4)	(76.8)	(73.9)	(5.3)	(4.7)	(84.0)	(87.3)	(269.3)	(270.2)
Segment results	**455.3**	**463.8**	**105.6**	**98.8**	**69.6**	**48.7**	**44.7**	**34.1**	**8.2**	**15.2**	**683.4**	**660.6**
Non-trading items[2]											(217.3)	–
EBIT[1]											**466.1**	**660.6**
Other segment information												
Segment net assets	**1,371.3**	**1,403.4**	**509.0**	**502.0**	**775.1**	**710.0**	**294.8**	**255.3**	**452.9**	**685.4**	**3,403.1**	**3,556.1**
Net debt[3]											(992.8)	(1,146.3)
Net assets											**2,410.3**	**2,409.8**
Payments made for additions of non-current assets[4]	**57.5**	**54.0**	**38.8**	**27.0**	**126.3**	**96.4**	**11.1**	**6.5**	**62.0**	**72.1**	**295.7**	**256.0**

1. EBITDA refers to earnings before interest, tax, depreciation and amortisation while EBIT refers to earnings before interest and tax
2. Refer to Note 3b) for further details
3. Refer to Note 13 for further details
4. Comprises of payments made for property, plant and equipment and software development assets less proceeds received from a government grant

GEOGRAPHICAL INFORMATION

	Trading revenue[5]		Non-current assets[6]	
	2016	2015	2016	2015
	$M	$M	$M	$M
Australia	3,393.0	3,487.3	1,802.5	2,016.9
New Zealand & Fiji	703.0	597.4	592.1	562.5
Indonesia & Papua New Guinea	1,054.8	1,008.9	787.8	732.7
	5,150.8	**5,093.6**	**3,182.4**	**3,312.1**

5. Reflects the customer geographic location of trading revenue earned by the Group
6. Comprises of investment in joint venture entity, property, plant and equipment and intangible assets

I OUR RESULTS (CONTINUED)

2 REVENUE

	2016	2015
	$M	$M
Trading revenue		
Sale of products	5,073.7	5,014.3
Rental of equipment and processing fees	77.1	79.3
	5,150.8	**5,093.6**
Other revenue		
Rendering of services	17.5	19.0
Miscellaneous rental and sundry income	43.1	39.7
	60.6	**58.7**
Finance income	41.8	34.6
	5,253.2	**5,186.9**

The Group earned approximately 36.7% (2015: 36.3%) of its trading revenue from its top three customers, being Metcash Limited, Wesfarmers Limited and Woolworths Limited.

RECOGNITION AND MEASUREMENT

Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable net of discounts, allowances and applicable amounts of value added taxes such as the Australian goods and services tax. The following specific criteria must also be met before revenue is recognised:

Sale of products

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Rental income

We earn rental income from equipment hire which is accounted for on a straight line basis over the term of the rental contract.

Rendering of services

Revenue from installation and maintenance of equipment is recognised when the services have been performed and the amount can be measured reliably.

Finance income

Finance income mainly comprises of interest income on cash in bank, term deposits and implied returns under the defined benefit superannuation plans.

We record interest income as it is earned, using the effective interest method.

I OUR RESULTS (CONTINUED)

3 EXPENSES

Profit before income tax includes the following specific expenses:

a) INCOME STATEMENT DISCLOSURE

	2016	2015
	$M	$M
Remuneration and on-costs	841.2	858.4
Defined contribution and defined benefit superannuation plan expenses	61.1	65.5
Share-based payments expense	12.2	10.7
Employee related costs	914.5	934.6
Finance costs	114.8	120.8
Depreciation expense	241.2	242.4
Amortisation expense	28.1	27.8
Rentals – operating leases	86.7	84.3

b) NON-TRADING ITEMS

Transactions which are non-recurring and considered material to the financial statements due to their size and/or nature are treated as non-trading items. Such transactions are included in support services and other expenses in the income statement.

In 2016, non-trading items relate to SPC which continued to face challenging market conditions and competition from cheaper imported products putting pressure on the business's profitability. As a result of Coca-Cola Amatil Limited's impairment testing, the following impairments relating to SPC have been recognised:

	2016	2015
	$M	$M
Impairments:		
– inventories[1]	44.0	–
– property, plant and equipment[2]	114.7	–
– intangible assets[3]	58.6	–
	217.3	**–**

1. Inventories adjusted to net realisable value. Net realisable value has been estimated based upon forecasted sales
2. Property, plant and equipment assets adjusted to fair value less costs of disposal (using independent valuations and reasonable estimates of market values of assets and of disposal costs)
3. Intangibles adjusted to recoverable amounts calculated using the "relief from royalty" discounted cash flow methodology as discussed in Note 9

RECOGNITION AND MEASUREMENT

Employee related costs

Employee related costs include wages and salaries, annual leave, sick leave, incentives, compensated absences and other benefits, which are charged against profit in their respective expense categories when services are provided by or benefits vest with the employee. The Group's contributions made to defined contribution superannuation plans are recognised as an expense when they fall due.

For accounting policies on defined benefit superannuation plans, provision for employee benefits and share-based payments, refer to Notes 11b, 11c and 17 respectively.

Finance costs

Finance costs mainly comprise of interest costs on borrowings and other financial liabilities and the time value amounts under the defined benefit superannuation plans.

We record interest costs as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets.

Rentals – operating leases

Operating leases are those where the lessor effectively retains substantially all the risks and benefits incidental to ownership of the leased property. Operating lease payments are charged to the income statement on a straight line basis over the lease term.

I OUR RESULTS (CONTINUED)

4 DIVIDENDS

	2016	2015
	$M	$M
a) SUMMARY OF DIVIDENDS PAID DURING THE YEAR		
Prior year final dividend		
Paid at 23.5¢ per share franked to 75% (2015: 22.0¢ per share franked to 75%)	179.4	168.0
Current year interim dividend		
Paid at 21.0¢ per share franked to 75% (2015: 20.0¢ per share franked to 75%)	160.4	152.7
	339.8	**320.7**
b) DIVIDENDS DECLARED AFTER BALANCE DATE AND NOT RECOGNISED AS LIABILITIES		
Current year final dividend		
Declared at 25.0¢ per share franked to 75% (2015: 23.5¢ per share franked to 75%)	**190.9**	**179.4**
c) FRANKING CREDITS		
Balance at the end of the year	6.0	16.9
Franking credits which will arise from payment of income tax provided for in the financial statements	19.1	8.7
	25.1	**25.6**

d) DIVIDEND REINVESTMENT PLAN (DRP)

Our DRP continues to be available to eligible shareholders. The DRP provides shareholders with the opportunity to receive fully paid ordinary shares, in lieu of cash dividends, which are acquired on market, at the price calculated using the daily volume weighted average market price of Coca-Cola Amatil Limited shares during the 10 trading days commencing on the third trading day after the record date for the dividend. The ex-dividend and record dates for the final dividend entitlement are 27 and 28 February 2017 respectively.

5 EARNINGS PER SHARE

	2016	2015
	¢	¢
Basic and diluted Earnings per Share (EPS)	32.2	51.5
Basic and diluted EPS (before non-trading items)	54.7	51.5
	M	M
The following reflects share and earnings information used in the calculation of basic and diluted EPS:		
Weighted average number of ordinary shares on issue	**763.6**	**763.6**
	$M	$M
Profit for the year attributable to shareholders of Coca-Cola Amatil Limited	246.1	393.4
Add back: non-trading items after tax[1]	171.8	–
Profit for the year attributable to shareholders of Coca-Cola Amatil Limited (before non-trading items)	**417.9**	**393.4**

1. Includes impairment charges of $217.3m (refer Note 3b) and tax benefit of $45.5m (refer Note 10a)

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING

HOW THE GROUP MANAGES ITS OVERALL FINANCIAL POSITION

We manage the overall financial position by segregating the balance sheet in to two categories: Assets and Liabilities – Operating and Investing; and Capital – Financing. Assets and Liabilities – Operating and Investing is managed at the operations' level of the Group while Capital – Financing (refer to Section III) is managed by the Group's centralised Treasury function.

Details of Assets and Liabilities – Operating and Investing are as follows:

		2016	2015
	Note	$M	$M
Working capital	6	458.8	525.1
Property, plant and equipment	7	1,948.9	2,019.9
Intangible assets	8	1,207.4	1,265.9
Current and deferred tax assets/(liabilities)	10b	(196.5)	(188.6)
Derivative net assets/(liabilities) – non-debt related	13d	25.4	(24.2)
Other assets/(liabilities)	11	(40.9)	(42.0)
		3,403.1	**3,556.1**
Capital – Financing	Section III	**3,403.1**	**3,556.1**

6 WORKING CAPITAL

		2016	2015
	Note	$M	$M
Trade and other receivables	6a	976.8	1,030.8
Inventories	6b	676.4	733.9
Trade and other payables	6c	(1,194.4)	(1,239.6)
		458.8	**525.1**

6a TRADE AND OTHER RECEIVABLES

	2016	2015
	$M	$M
Trade receivables net of allowance for doubtful amounts	871.1	924.7
Other receivables	105.7	106.1
	976.8	**1,030.8**
Movement in the allowance for doubtful receivables		
At 1 January	(13.0)	(12.3)
Charged to the income statement	(5.4)	(4.5)
Written off against trade receivables	4.3	3.8
Net foreign currency and other movements	(0.1)	–
	(14.2)	**(13.0)**
Trade receivables past due but not impaired		
Under 30 days	72.4	58.5
31–90 days	21.8	23.3
Over 91 days	4.2	7.1

RECOGNITION AND MEASUREMENT

Trade and other receivables are recognised at amounts due and subsequently reviewed for collectability on an ongoing basis. Where there is evidence that amounts due may not be fully or partly recoverable, an allowance for doubtful receivables is recognised in the income statement.

Refer to Note 14B) ii) on credit risk of trade and other receivables.

For details of related party receivables included in trade and other receivables, refer to Note 16.

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

6b INVENTORIES

	2016	2015
	$M	$M
Raw materials	255.0	252.5
Finished goods	314.2	379.2
Other (work in progress and consumable spare parts)	107.2	102.2
	676.4	**733.9**

RECOGNITION AND MEASUREMENT

Inventories are stated at the lower of cost (including fixed and variable factory overheads where applicable) and net realisable value. Cost is determined on the basis of first-in-first-out, average or standard, whichever is the most appropriate in each case. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Costs of inventories include the transfer from equity of gains or losses on qualifying cash flow hedges relating to inventory purchases.

6c TRADE AND OTHER PAYABLES

	2016	2015
	$M	$M
Trade payables	580.9	593.0
Other payables	66.5	82.7
Accrued charges	547.0	563.9
	1,194.4	**1,239.6**

RECOGNITION AND MEASUREMENT

Trade and other payables are carried at amount due. Liabilities are brought to account for amounts payable in relation to goods received and services rendered, whether or not billed at the reporting date. Accrued charges represents accruals for marketing rebates, promotional allowances and amounts due for supplies and services received but not invoiced at the reporting date.

For details of related party payables included in trade and other payables, refer to Note 16.

KEY ESTIMATES

Accrual for rebates and promotional allowances are estimated based on the expected level of claims receivable from each customer.

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

7 PROPERTY, PLANT AND EQUIPMENT

	Freehold and leasehold land	Freehold and leasehold buildings	Plant and equipment	Property, plant and equipment under construction	Total
	$M	$M	$M	$M	$M
31 December 2016					
Cost	227.6	527.1	3,463.9	209.0	4,427.6
Accumulated depreciation and impairment	–	(189.7)	(2,289.0)	–	(2,478.7)
	227.6	**337.4**	**1,174.9**	**209.0**	**1,948.9**
Movement:					
At 1 January 2016	225.6	362.7	1,263.8	167.8	2,019.9
Additions	1.4	0.3	14.2	259.0	274.9
Disposals	(1.8)	(3.0)	(4.1)	–	(8.9)
Depreciation expense	–	(20.0)	(221.2)	–	(241.2)
Impairment charge[1]	–	(22.6)	(96.2)	–	(118.8)
Reclassification	0.9	15.2	202.8	(218.9)	–
Net foreign currency and other movements	1.5	4.8	15.6	1.1	23.0
At 31 December 2016	**227.6**	**337.4**	**1,174.9**	**209.0**	**1,948.9**
31 December 2015					
Cost	225.6	520.1	3,297.1	167.8	4,210.6
Accumulated depreciation and impairment	–	(157.4)	(2,033.3)	–	(2,190.7)
	225.6	**362.7**	**1,263.8**	**167.8**	**2,019.9**
Movement:					
At 1 January 2015	234.7	359.9	1,351.0	85.6	2,031.2
Additions	–	0.9	2.7	238.4	242.0
Disposals	(9.3)	(5.6)	(1.4)	–	(16.3)
Depreciation expense	–	(19.9)	(222.5)	–	(242.4)
Impairment charge	–	–	(4.9)	–	(4.9)
Reclassification	0.1	26.8	136.5	(163.4)	–
Net foreign currency and other movements	0.1	0.6	2.4	7.2	10.3
At 31 December 2015	**225.6**	**362.7**	**1,263.8**	**167.8**	**2,019.9**
1 January 2015					
Cost	234.7	501.3	3,313.4	85.6	4,135.0
Accumulated depreciation and impairment	–	(141.4)	(1,962.4)	–	(2,103.8)
	234.7	**359.9**	**1,351.0**	**85.6**	**2,031.2**

1. Mainly relates to non-trading items, refer to Note 3b) for further details

RECOGNITION AND MEASUREMENT

Carrying value and depreciation

Property, plant and equipment assets are stated at cost less accumulated depreciation and impairment. Cost includes the transfer from equity of gains or losses on qualifying cash flow hedges relating to additions of property, plant and equipment. Subsequent expenditure is capitalised when it is probable that future economic benefits associated with the expenditure will flow to the Group. Property, plant and equipment assets, other than freehold land, are depreciated on a straight line basis over the estimated useful lives of the assets and are tested for impairment when there is any indication of impairment. Useful life details of these assets were as follows:

Freehold and leasehold buildings (includes improvement to buildings)	20 to 50 years
Plant and equipment	3 to 15 years

An item of property, plant and equipment is derecognised upon disposal of an asset. Any gain or loss arising on derecognition of an asset (calculated by comparing proceeds with the carrying amount) is included in the income statement in that financial year.

Impairment

Property, plant and equipment are tested for impairment in accordance with the policy for impairment testing disclosed in Note 9. Where there is an indication of impairment, an impairment loss is recognised when the carrying amount of property, plant and equipment exceeds its recoverable amount, which is defined as the greater of an asset's fair value less costs to sell, or value in use.

KEY ESTIMATES

Useful lives of assets are estimated based on historical experience. In addition, the condition of assets is assessed annually and considered against the remaining useful life. Adjustments to useful life are made when deemed necessary.

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

8 INTANGIBLE ASSETS

	Indefinite lives			Definite lives		
	Brand names and trademarks	**Investments in bottlers' agreements**	**Goodwill**	**Brand names and trademarks**	**Software development and other assets**	**Total**
	$M	$M	$M	$M	$M	$M
31 December 2016						
Cost	112.7	944.3	118.7	29.3	307.5	1,512.5
Accumulated amortisation and impairment	(98.3)	–	–	(15.1)	(191.7)	(305.1)
	14.4	**944.3**	**118.7**	**14.2**	**115.8**	**1,207.4**
Movement:						
At 1 January 2016	72.8	939.2	117.7	14.9	121.3	1,265.9
Additions	–	–	–	–	19.7	19.7
Amortisation expense	–	–	–	(0.8)	(27.3)	(28.1)
Impairment charge[1]	(58.6)	–	–	–	–	(58.6)
Net foreign currency and other movements	0.2	5.1	1.0	0.1	2.1	8.5
At 31 December 2016	**14.4**	**944.3**	**118.7**	**14.2**	**115.8**	**1,207.4**
31 December 2015						
Cost	112.6	939.2	117.7	29.0	285.0	1,483.5
Accumulated amortisation and impairment	(39.8)	–	–	(14.1)	(163.7)	(217.6)
	72.8	**939.2**	**117.7**	**14.9**	**121.3**	**1,265.9**
Movement:						
At 1 January 2015	72.1	942.5	116.4	15.1	130.9	1,277.0
Additions	–	–	–	0.2	19.6	19.8
Disposals	–	–	–	–	(0.3)	(0.3)
Amortisation expense	–	–	–	(0.5)	(27.3)	(27.8)
Net foreign currency and other movements	0.7	(3.3)	1.3	0.1	(1.6)	(2.8)
At 31 December 2015	**72.8**	**939.2**	**117.7**	**14.9**	**121.3**	**1,265.9**
1 January 2015						
Cost	111.9	942.5	119.4	29.1	271.1	1,474.0
Accumulated amortisation and impairment	(39.8)	–	(3.0)	(14.0)	(140.2)	(197.0)
	72.1	**942.5**	**116.4**	**15.1**	**130.9**	**1,277.0**

1. Refer to Note 3b) for further details of non-trading items

RECOGNITION AND MEASUREMENT

Indefinite lives

Indefinite life intangible assets, except for goodwill, acquired through business acquisition transactions are recognised initially at fair value at the date of acquisition which is subsequently deemed to be cost.

Investment in bottlers' agreements (IBAs)

We have a number of bottling agreements with The Coca-Cola Company (TCCC) which provide Coca-Cola Amatil Limited with the exclusive rights to manufacture, distribute, market and sell TCCC branded products in each of the six countries in which Coca-Cola Amatil Limited operates, and are subject to certain performance criteria.

Our agreements are for mainly 10 year terms, and reflect a long and ongoing relationship between the Group and TCCC. No consideration is payable upon renewal or extension of the agreements.

In assessing the useful life of the agreements, consideration is given to the Group's history of dealings with TCCC since 1939, their established international practices and equity interests in the Group, participation of nominees of TCCC on Coca-Cola Amatil Limited's Board of Directors and the ongoing profitability of TCCC brands. Accordingly, no factor can be identified that would result in the agreements not being renewed or extended and therefore the agreements have been assessed as having indefinite useful lives, which requires annual impairment testing.

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

8 INTANGIBLE ASSETS (CONTINUED)

Goodwill

Goodwill is the excess of the cost of a business acquisition over the fair value of net assets acquired. Goodwill is not amortised but is tested annually for impairment.

Definite lives

Definite life intangible assets are accounted for at cost. Assets acquired in a business acquisition, are recognised initially at fair value at the date of acquisition which is subsequently deemed to be cost. Following initial recognition, intangible assets are amortised on a straight line basis over their useful lives and tested for impairment when there is any indication of impairment. Useful life details for these assets are as follows:

Brand names and trademarks	40 to 50 years
Software development and other assets	3 to 10 years

Any gain or loss arising on derecognition of an asset (calculated by comparing the proceeds with the carrying amount) is included in the income statement in that financial year.

Impairment

Intangible assets are tested for impairment in accordance with the policy for impairment testing assets disclosed in Note 9. In case of definite lives intangibles assets where an impairment indicator exists, an impairment loss is recognised when the carrying amount of the assets exceeds its recoverable amount, which is defined as the greater of an asset's fair value less costs to sell, or value in use.

KEY ESTIMATES

Useful lives of assets are estimated based on historical experience and the expected period of future consumption of embodied economic benefits. In addition, the condition of assets is assessed and adjustments to useful lives are made when deemed necessary.

9 IMPAIRMENT TESTING

RECOGNITION AND MEASUREMENT

At each reporting date, we assess whether there is an indication that an asset may be impaired. Where an indicator of impairment exists or where annual impairment testing for an asset is required, we make a formal estimate of the recoverable amount. An impairment loss will be recognised in the income statement for the amount by which the carrying amount of an asset exceeds the recoverable amount, which is defined as the greater of an asset's fair value less costs to sell, or value in use. Non-financial assets, other than goodwill, that suffered an impairment in prior periods are reviewed for possible reversal of the impairment at each reporting date.

A summary of intangible assets deemed to have indefinite lives is presented below:

	Brand names and trademarks	IBAs	Goodwill	Total
	$M	$M	$M	$M
As at 31 December 2016				
Non-Alcohol Beverages				
– Australia	–	691.9	27.9	719.8
– New Zealand & Fiji	–	211.1	9.1	220.2
– Indonesia & Papua New Guinea	–	40.3	17.1	57.4
Alcohol & Coffee Beverages	14.4	1.0	50.8	66.2
Corporate, Food & Services	–	–	13.8	13.8
	14.4	**944.3**	**118.7**	**1,077.4**
As at 31 December 2015				
Non-Alcohol Beverages				
– Australia	–	691.9	27.9	719.8
– New Zealand & Fiji	–	206.0	8.9	214.9
– Indonesia & Papua New Guinea	–	40.4	16.6	57.0
Alcohol & Coffee Beverages	14.2	0.9	50.5	65.6
Corporate, Food & Services	58.6	–	13.8	72.4
	72.8	**939.2**	**117.7**	**1,129.7**

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

9 IMPAIRMENT TESTING (CONTINUED)

IMPAIRMENT TESTING

Annual impairment testing is carried out in two parts: firstly in relation to brand names and trademarks and secondly at the cash generating unit (CGU) level in connection with IBAs and goodwill, by comparison of the CGU's recoverable amount to its carrying amount. The value in use for the purpose of recoverable amount calculations was determined by discounting the forecast future cash flows to be generated from the continuing use of the CGUs and using the terminal growth rates of nil to 2% (2015: nil to 2%). Based on the impairment testing, brand names with indefinite lives has been impaired, refer Note 3b) for further details.

KEY ESTIMATES

Cash flows

Brand names and trademarks with indefinite lives

Value in use was calculated using a "relief from royalty" discounted cash flow methodology covering a ten year period with an appropriate residual value at the end of that period. The cash flows are based on business plans approved by the Board of Directors. Utilising cash flow projections for more than five years has assisted in minimising the reliance on residual values. Key inputs in determining the cash flows were sales and royalty rates. Sales are based on three year business plans reviewed by management. Beyond that period, sales are projected based on business plan targets and management expectations whereas royalty rates are based on market rates for comparable brands adjusted for costs associated with maintaining the brand. Where impairments have previously been recognised, any change in the key assumptions in the future could result in the requirement to recognise further impairment (where material).

IBAs and goodwill

Cashflows for CGUs with IBAs and goodwill were projected covering a 15 year period with an appropriate residual value at the end of that period, for each CGU. The cash flows are based on three year business plans approved by the Board. Utilising cash flow projections for more than five years has assisted in reducing the reliance on residual values. Key inputs in determining the cash flows were as follows:

Key inputs	How determined
EBIT margins	EBIT margins are based primarily on three year business plans presented to the Board. Beyond that period, margins have been adjusted to reflect management's views of sustainable long term EBIT margins.
Volumes	Volumes are based on three year business plans presented to the Board. Beyond that period, volumes are adjusted based on forecast per capita consumption, population growth rates and market share assumptions which are benchmarked against external sources.
Pricing	Pricing is based on three year business plans presented to the Board. Beyond that period, pricing is determined with reference to long-term inflation forecasts.
Capital expenditure	Capital expenditure is based on three year business plans presented to the Board. Beyond that period, capital expenditure is determined as a percentage of sales revenue consistent with historical expenditure.

Based on current economic conditions and CGU performances, no reasonably possible change in a key assumption used in the determination of the recoverable amounts would result in a material impairment to the Group.

Discount rates

Discount rates used are the weighted average cost of capital for the Group in relation to each brand name and trademark and each CGU, risk adjusted where applicable. The local currency discount rates used are below:

	2016	2015
	%	%
Australia	7.2	7.2
New Zealand	7.1	7.1
Fiji	9.4	9.4
Indonesia	12.6	12.6
Papua New Guinea	11.4	11.4

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

10 INCOME TAX

a) INCOME TAX EXPENSE

	2016	2015
	$M	$M
Current tax expense	156.0	157.8
Net deferred tax (benefit)/expense	(18.9)	13.0
Adjustments to current tax of prior periods	(1.3)	0.2
Total income tax expense	**135.8**	**171.0**
Total income tax expense includes:		
Income tax (benefit) on non-trading items	(45.5)	–
Reconciliation of Coca-Cola Amatil Limited's applicable (Australian) tax rate to the effective tax rate:		
Profit before income tax	**393.1**	**574.4**
	%	%
Applicable (Australian) tax rate	30.0	30.0
Adjustments to current tax of prior periods	(0.3)	–
Impairment of property, plant and equipment and intangible assets	5.0	–
Non-allowable expenses	1.5	0.8
Recognition of previously unrecognised tax losses	(0.5)	(0.4)
Overseas tax rates differential	(1.9)	(0.9)
Overseas withholding tax[1]	0.7	0.3
Effective tax rate	**34.5**	**29.8**
Effective tax rate (before non-trading items)	29.7	29.8
Net deferred tax (benefit)/expense recognised in income tax expense relates to the following:		
	$M	$M
Allowances for current assets	(13.7)	–
Accrued charges and employee expense obligations	5.9	3.0
Other deductible items	4.1	3.3
Property, plant and equipment and intangible assets	(20.8)	5.7
Retained earnings balances of overseas subsidiaries[1]	2.6	1.5
Other taxable items	3.0	(0.5)
	(18.9)	**13.0**

b) CURRENT AND DEFERRED TAX ASSETS/(LIABILITIES)

	2016	2015
Current tax assets	1.5	9.9
Current tax liabilities	(42.0)	(35.5)
Deferred tax liabilities	(156.0)	(163.0)
	(196.5)	**(188.6)**
Deferred tax liabilities recognised in the balance sheet relate to the following:		
Allowances for current assets	(8.3)	(10.4)
Accrued charges and employee expense obligations	(43.3)	(52.3)
Other deductible items (includes derivatives)	(23.1)	(36.4)
Property, plant and equipment and intangible assets	196.3	217.0
Retained earnings balances of overseas subsidiaries[1]	7.9	5.3
Other taxable items (includes derivatives)	26.5	39.8
	156.0	**163.0**

1. Represents withholding taxes payable on unremitted earnings of overseas subsidiaries

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

10 INCOME TAX (CONTINUED)

RECOGNITION AND MEASUREMENT

Current tax

Current tax asset or liability represents amounts receivable or payable in relation to income taxes attributable to taxable profits of the current or prior financial years, less instalments of income tax paid. The tax rates and laws used to compute current taxes are those that are enacted or substantially enacted as at the reporting date.

Deferred tax

Deferred tax balances arise when there are temporary differences between accounting carrying amounts and the tax bases of assets and liabilities, other than for the following:

- where the difference arises from the initial recognition of an asset or liability in a transaction that is not an acquisition of a business and affects neither the accounting profit nor taxable profit or loss
- where temporary differences relate to investments in subsidiaries to the extent the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Australian tax consolidation

Coca-Cola Amatil Limited has a consolidated group for income tax purposes with each of its wholly owned Australian subsidiaries. The entities within the tax consolidated group have entered a tax funding agreement whereby each subsidiary will compensate Coca-Cola Amatil Limited for the amount of tax payable that would be calculated as if the subsidiary was a tax paying entity.

Coca-Cola Amatil Limited, as the head entity, and the subsidiaries in the tax consolidated group continue to account for their own current and deferred tax amounts. The amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. The current tax balances are then transferred to Coca-Cola Amatil Limited via intercompany balances.

KEY ESTIMATES

In determining the Group's deferred tax assets and liabilities, management is required to make an estimate about the availability of future taxable profits and cash flows. Changes in circumstances will alter expectations, which may impact the amount of tax losses and temporary differences not yet recognised.

The details of unrecognised deductible temporary differences are as follows:

	2016	**2015**
	$M	$M
Capital losses – no expiry date	722.7	709.8
Tax losses – no expiry date	–	1.1
Tax losses – 2024 to 2026 expiry	9.7	10.0
Other items – no expiry date	38.4	38.4
	770.8	**759.3**
Potential tax benefit	**231.2**	**227.8**

The Group has determined as at the reporting date that future taxable profits and capital gains to utilise these tax assets are not sufficiently probable and therefore no deferred tax benefit has been recognised.

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

11 OTHER ASSETS/(LIABILITIES)

	Note	2016 $M	2015 $M
Investment in joint venture entity	11a	26.1	26.3
Defined benefit superannuation plans (net)	11b	(23.4)	(29.9)
Provisions – current and non-current	11c	(112.0)	(134.1)
Prepayments – current and non-current		54.1	84.5
Other receivables – non-current		14.3	11.2
		(40.9)	**(42.0)**

11a INVESTMENT IN JOINT VENTURE ENTITY

	2016 $M	2015 $M
Carrying amount of investment in Australian Beer Company Pty Ltd (ABCo)	**26.1**	**26.3**

Coca-Cola Amatil Limited has a 50% interest in ABCo. The principal activity of ABCo is the manufacture of alcohol beverages. The majority of the carrying amount of the investment in ABCo is represented by property, plant and equipment assets.

RECOGNITION AND MEASUREMENT

The investment in the joint venture entity is accounted for in the financial report using the equity method and is initially recognised at cost. Under the equity method, the share of profits or losses of the joint venture entity are recognised in the income statement.

11b DEFINED BENEFIT SUPERANNUATION PLANS

We sponsor a number of superannuation plans that incorporate defined contribution and defined benefit categories. The defined benefit plans are the Coca-Cola Amatil Superannuation Plan (CCASP), which is predominantly Australian based, and the CCBI Superannuation Plan (CCBISP), which is Indonesian based (Plans). The defined benefit category for the CCASP is closed to new entrants. The Plans provide benefits for employees or their dependants on retirement, resignation or death, in the majority of cases in the form of lump sum payments.

The obligation to contribute to the Plans is covered by a combination of trust deeds, legislation and regulatory requirements. Contributions to the Plans are made at levels necessary to ensure that the Plans have sufficient assets to meet their vested benefit obligations. The rate of contribution is based on a percentage of employees' salaries and wages and is regularly reviewed and adjusted based on actuarial advice.

The following sets out details in respect of the defined benefit superannuation plans only:

	CCASP[1]		CCBISP[2]		Total	
	2016 $M	2015 $M	2016 $M	2015 $M	2016 $M	2015 $M
a) BALANCES RECOGNISED IN THE BALANCE SHEET						
Present value of defined benefit obligations at the end of the year	77.4	97.7	44.3	49.0	121.7	146.7
Fair value of plan assets at the end of the year	(98.3)	(116.8)	–	–	(98.3)	(116.8)
Net defined benefit (assets)/liabilities	**(20.9)**	**(19.1)**	**44.3**	**49.0**	**23.4**	**29.9**
b) EXPENSE RECOGNISED IN THE INCOME STATEMENT						
Service cost	4.8	6.1	3.6	4.1	8.4	10.2
Curtailment gain	(0.1)	–	–	–	(0.1)	–
Interest income on defined benefit superannuation assets	(0.9)	(0.3)	–	–	(0.9)	(0.3)
Interest cost on defined benefit superannuation liabilities	–	–	4.3	4.5	4.3	4.5
	3.8	**5.8**	**7.9**	**8.6**	**11.7**	**14.4**

1. CCASP's assets include no amounts relating to any of Coca-Cola Amatil Limited's own financial instruments, or any property occupied by, or other assets used by, Coca-Cola Amatil Limited
2. CCBISP has no plan assets. PT Coca-Cola Bottling Indonesia and PT Coca-Cola Distribution Indonesia, in total, accrue CCBISP's liabilities as per the actuarial assessment

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

11b DEFINED BENEFIT SUPERANNUATION PLANS (CONTINUED)

	CCASP[1]		CCBISP[2]		Total	
	2016	2015	2016	2015	2016	2015
	$M	$M	$M	$M	$M	$M
c) AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME						
Actuarial gains – experience	(0.8)	(1.7)	(1.8)	(3.9)	(2.6)	(5.6)
Actuarial losses/(gains) – demographic assumptions	0.1	–	(4.5)	–	(4.4)	–
Actuarial (gains)/losses – financial assumptions	(6.1)	(11.5)	1.7	(3.6)	(4.4)	(15.1)
Actuarial gains arising during the year	(6.8)	(13.2)	(4.6)	(7.5)	(11.4)	(20.7)
Return on plan assets greater/(less) than interest income	1.1	(3.8)	–	–	1.1	(3.8)
Remeasurement recognised in other comprehensive income	**(5.7)**	**(17.0)**	**(4.6)**	**(7.5)**	**(10.3)**	**(24.5)**
d) MOVEMENT IN DEFINED BENEFIT OBLIGATIONS						
Present value at the beginning of the year	97.7	115.2	49.0	55.3	146.7	170.5
Service cost	4.8	6.1	3.6	4.1	8.4	10.2
Interest cost	3.8	3.0	4.3	4.5	8.1	7.5
Actuarial gains arising during the year	(6.8)	(13.2)	(4.6)	(7.5)	(11.4)	(20.7)
Benefits paid from plan assets or by plan employer respectively	(21.5)	(12.9)	(9.5)	(7.9)	(31.0)	(20.8)
Net foreign currency and other movements	(0.6)	(0.5)	1.5	0.5	0.9	–
Present value at the end of the year	**77.4**	**97.7**	**44.3**	**49.0**	**121.7**	**146.7**
e) MOVEMENT IN PLAN ASSETS						
Fair value at the beginning of the year	(116.8)	(123.1)	–	–	(116.8)	(123.1)
Interest income	(4.7)	(3.3)	–	–	(4.7)	(3.3)
Returns greater/(less) than interest income	1.1	(3.8)	–	–	1.1	(3.8)
Benefits paid	21.5	12.9	–	–	21.5	12.9
Other movements	0.6	0.5	–	–	0.6	0.5
Fair value at the end of the year	**(98.3)**	**(116.8)**	**–**	**–**	**(98.3)**	**(116.8)**

1. CCASP's assets include no amounts relating to any of Coca-Cola Amatil Limited's own financial instruments, or any property occupied by, or other assets used by, Coca-Cola Amatil Limited
2. CCBISP has no plan assets. PT Coca-Cola Bottling Indonesia and PT Coca-Cola Distribution Indonesia, in total, accrue CCBISP's liabilities as per the actuarial assessment

	CCASP		CCBISP	
	2016	2015	2016	2015
	%	%	%	%
f) PLAN ASSETS				
The percentage invested in each asset class at the reporting date (including pension assets) was:				
Equity instruments	35.8	35.5	–	–
Debt instruments	21.5	29.3	–	–
Real estate	6.5	5.4	–	–
Cash and cash equivalents	20.3	14.4	–	–
Other	15.9	15.4	–	–
	100.0	**100.0**	**–**	**–**
g) PRINCIPAL ACTUARIAL ASSUMPTIONS				
Used at reporting date to measure defined benefit obligations of each plan (per annum basis):				
Discount rate	4.8	4.2	8.3	8.8
Future salary increases	3.0	3.5	8.0	8.0
Future inflation	2.0	2.5	5.0	5.5
Future pension increases	2.0	2.5	–	–

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

11b DEFINED BENEFIT SUPERANNUATION PLANS (CONTINUED)

h) EXPECTED FUTURE CONTRIBUTIONS

The expected contribution to CCASP for 2017 is $3.4 million (2016: $4.2 million). Coca-Cola Amatil Limited contributions are agreed between the Plan trustees and Coca-Cola Amatil Limited, following advice from the Plan actuary at least every three months (or more frequently if circumstances require this).

Vested benefit obligations represent the estimated total amount that the Plans would be required to pay if all defined benefit members were to voluntarily leave the Plans on the particular valuation date. However, the liability recognised in the balance sheet is based on the projected benefit obligation which represents the present value of employees' benefits accrued to date, assuming that employees will continue to work and be members of the Plans until their exit. The projected benefit obligation takes into account future increases in an employee's salary and provides a longer term view of the financial position of the Plans.

i) MATURITY PROFILE OF DEFINED BENEFIT OBLIGATIONS

The weighted average durations of the defined benefit obligation for CCASP and CCBISP are 8.2 and 8.5 years respectively.

RECOGNITION AND MEASUREMENT

Current and adjusted prior period related service costs are recognised in the income statement as they accrue. Interest is recognised in the income statement for implied returns on plan assets (interest income), and for changes in the time value of plan obligations (interest expense), using the applicable discount rate. Revaluation adjustments arising from changes in actuarial assumptions, and differences between actual and implied returns on plan assets are recognised in other comprehensive income within the actuarial valuation reserve.

11c PROVISIONS

	2016	2015
	$M	$M
Current		
Employee benefits	**97.9**	**119.3**
Non-current		
Employee benefits	**14.1**	**14.8**

RECOGNITION AND MEASUREMENT

Employee benefits

Employee benefits provisions include liabilities for benefits accumulated as a result of employees rendering services up to balance date, including related on-costs, in relation to annual, sick, long service and other leave, incentives and termination and other benefits. These benefits are charged to the income statement when services are provided and to the extent the benefits are expected to vest with employees. Employee benefits provisions are measured at remuneration rates expected to be applicable to future payments which settle these liabilities, and are discounted back to the reporting date using market yields on corporate bonds with maturities aligned to the estimated timing of settlement payments.

Termination benefits included in employee benefits are recognised as an expense when the Group is committed to a formal detailed plan to terminate employees before their normal retirement date, and the Group can no longer withdraw the termination offer.

III OUR CAPITAL – FINANCING

HOW THE GROUP MANAGES ITS CAPITAL – FINANCING

We manage our capital to ensure that entities in the Group have continued access to funding to support the business activities and strategies of the Group while maximising returns to shareholders through the optimisation of net debt and equity balances.

Our capital comprises of equity plus net debt. Net debt is calculated as the sum of borrowings and derivatives – debt related, less cash assets, long term deposits and other financial liabilities.

Our capital structure is monitored using the gearing ratio. This ratio is calculated as net debt divided by equity. In order to maintain or adjust the capital structure, the Group may undertake certain activities such as adjusting the amount of dividends paid to shareholders, return equity to shareholders or issue new shares. The Group continuously reviews the capital structure to ensure that:

- sufficient finance for the business is maintained at a reasonable cost
- sufficient funds are available for the business to carry out its investing activities, such as purchasing of property, plant and equipment, other non-current assets and acquisitions of businesses
- distributions to shareholders are maintained within stated dividend policy parameters
- where excess funds arise with respect to the funds required to enact the Group's business strategies, consideration is given to possible returns of equity funds to shareholders

Details of Capital – Financing are as follows:

	Note	2016	2015
		$M	$M
Equity	12	2,410.3	2,409.8
Net debt	13	992.8	1,146.3
		3,403.1	**3,556.1**
		%	%
Gearing ratio		**41.2**	**47.6**

12 EQUITY

	Note	2016	2015
		$M	$M
Share capital	12a	2,271.7	2,271.7
Treasury shares	12b	(15.7)	(16.8)
Reserves	12c	393.6	322.9
Accumulated losses		(585.4)	(491.7)
Non-controlling interests		346.1	323.7
		2,410.3	**2,409.8**
		$	$
Net tangible asset backing per share		**1.12**	**1.07**

12a SHARE CAPITAL

As at the end of the 2016 and 2015 financial year, the number of fully paid ordinary shares were 763,590,249.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held. Every ordinary shareholder present at a meeting of the Company, in person or by proxy, is entitled to one vote, and upon a poll each ordinary share is entitled to one vote. Ordinary shares have no par value.

III OUR CAPITAL – FINANCING (CONTINUED)

12b TREASURY SHARES

This account is used to record purchases of Coca-Cola Amatil Limited ordinary shares to satisfy obligations to provide shares to employees in accordance with the requirements of employee ownership plans. At the end of the financial year, these shares have not vested to Group employees, and therefore are controlled by the Group. Refer to Notes 12c and 17 for further information in regards to the share-based remuneration reserve and employee ownership plans respectively.

12c RESERVES

Closing balances of reserves are as follows:

	2016	2015
	$M	$M
Foreign currency translation	(21.5)	(42.3)
Share-based remuneration	18.2	14.7
General	342.7	342.7
Actuarial valuation	26.7	20.3
Hedging	27.5	(12.5)
	393.6	**322.9**

NATURE AND PURPOSE OF RESERVES

Foreign currency translation

This reserve comprises of all differences arising from translation of the financial statements of foreign subsidiaries at various exchange rates, as described in the accounting policy for foreign currency translation located on page 60.

Share-based remuneration

This reserve is used to record obligations to provide employees with Coca-Cola Amatil Limited ordinary shares in accordance with employee ownership plans, inclusive of current and deferred tax effects, where applicable. Refer to Notes 12b and 17 for further information regarding treasury shares and employee ownership plans respectively.

General

This reserve relates to The Coca-Cola Company's 29.4% investment in Coca-Cola Amatil Limited's Indonesian business (PT Coca-Cola Bottling Indonesia), refer to Note 16 for further details.

Actuarial valuation

This reserve is used to record movements in defined benefit superannuation plan assets and liabilities due to revaluations arising from changes in actuarial assumption, and differences between actual and implied returns on plan assets (including deferred tax effects). Refer to Note 11b for further information on defined benefit superannuation plans.

Hedging

This reserve is mainly used to record the revaluations of financial assets and liabilities to fair value, basis risk, time value of options and credit risk adjustment, including deferred tax effects, where these financial assets and liabilities are used as cash flow hedges and qualify for hedge accounting. Refer to Note 13d for further information on cash flow hedge accounting.

Movements in the reserve were as follows:

	2016	2015
	$M	$M
Opening balance	(12.5)	7.6
Derivative revaluation[1]	56.6	11.0
Cash and long term deposit revaluation[2]	(19.9)	16.5
Other movements[3]	16.8	(54.3)
Deferred tax effect	(13.8)	10.1
Total movements recognised in other comprehensive income	**39.7**	**(16.7)**
Non-controlling interests	0.3	(3.4)
Closing balance	**27.5**	**(12.5)**

1. Includes basis risk adjustment of $10.1 million gain (2015: $8.4 million (loss)) and credit risk adjustment of $3.4 million gain (2015: $4.9m loss)
2. Movements in cash held in foreign currencies that are in hedge relationships relating to forecast capital expenditure and raw material purchases
3. Includes movement in revaluation of bonds, the movement of balances to income statement and the time value of options that are hedging transaction related exposures of $3.0 million (loss) (2015: $4.1 million (loss))

III OUR CAPITAL – FINANCING (CONTINUED)

13 NET DEBT

	Note	2016 $M	2015 $M
Cash assets	13a	(1,378.1)	(1,237.5)
Long term deposits		–	(88.1)
Borrowings – current	13b	421.5	539.0
Borrowings – non-current	13b	1,959.5	1,972.2
Other financial liabilities	13c	71.8	24.4
Derivative net (assets)/liabilities – debt related	13d	(81.9)	(63.7)
		992.8	**1,146.3**

13a CASH AND CASH EQUIVALENTS

	2016 $M	2015 $M
Cash on hand and at banks	691.7	588.1
Short term deposits	686.4	649.4
Cash assets	1,378.1	1,237.5
Bank overdrafts	(1.1)	(0.1)
	1,377.0	**1,237.4**

RECOGNITION AND MEASUREMENT

Cash assets is comprised of cash on hand, cash at banks and short term deposits with a maturity of one year or less that are repayable to the Group on demand and are subject to an insignificant risk of changes in value.

Cash at banks earn interest at floating rates based on daily bank deposit rates.

Short term deposits are made for varying periods, depending on the near term cash requirements of the Group and earn interest at the respective short term deposit rates.

FREE CASH FLOW

The Group uses the free cash flow measure to determine the extent of funds available to invest in future capital expenditure, reduce net debt or to return to shareholders mainly in the form of dividends. Free cash flow is calculated as follows:

	2016 $M	2015 $M
Net operating cash flows	774.8	626.8
Payments made for additions of:		
– property, plant and equipment	(283.5)	(246.4)
– software development assets	(17.2)	(19.6)
– other intangible assets	(2.5)	(0.2)
Proceeds from:		
– disposal of property, plant and equipment	13.9	19.7
– government grant relating to additions of property, plant and equipment	5.0	10.0
	490.5	**390.3**

A substantial proportion of cash assets is held for specific purposes, other than trading activities. For example, for future capital expenditure in Indonesia, as a term deposit held for a 2017 debt maturity in Indonesia, as collateral for a currency derivative, and in Papua New Guinea where there are presently constraints on the convertibility of the Kina due to government currency restrictions.

III OUR CAPITAL – FINANCING (CONTINUED)

13a CASH AND CASH EQUIVALENTS (CONTINUED)

RECONCILIATION OF EARNINGS BEFORE INTEREST AND TAX (EBIT) TO NET OPERATING CASH FLOWS

	2016	2015
	$M	$M
EBIT	466.1	660.6
Adjustments for:		
Depreciation and amortisation expenses	269.3	270.2
Impairment charges[1]	177.4	4.9
Changes in adjusted working capital[2]	61.7	(57.3)
Net interest and other finance costs paid	(56.0)	(91.6)
Income taxes paid	(145.0)	(148.2)
Other items (refer below)	1.3	(11.8)
	308.7	(33.8)
Net operating cash flows	**774.8**	**626.8**

1. 2016 balance comprises of non-trading items, refer to Note 3b) for further details
2. Working capital is adjusted to exclude the impact of non-cash flow and non-operating items such as foreign exchange translation, impacts of disposal of businesses and payables relating to additions of property, plant and equipment

Other items comprise of the following:

	2016	2015
	$M	$M
Share of loss of joint venture entity	0.2	–
Profit from disposal of property, plant and equipment	(6.2)	(2.9)
Profit from disposal of businesses	(2.2)	–
Movements in:		
– prepayments	31.6	(7.4)
– provisions	(25.9)	(4.9)
– sundry items	3.8	3.4
	1.3	**(11.8)**

RECONCILIATION OF MOVEMENTS IN LIABILITIES ARISING FROM FINANCING ACTIVITIES TO NET FINANCING CASH FLOWS

			Non-cash changes		
	Opening balance	Net impact on cash flows	Foreign exchange movements	Other movements	Closing balance
	$M	$M	$M	$M	$M
2016					
Bonds	1,630.9	246.4	–	–	1,877.3
Bonds (swapped into local currency)	694.9	(368.7)	3.9	(1.6)	328.5
Bank loans	185.0	(22.6)	4.4	0.4	167.2
Other financial liabilities	24.4	47.4	–	–	71.8
Other borrowings	0.3	(1.0)	–	7.6	6.9
Total liabilities from financing activities	**2,535.5**	**(98.5)**	**8.3**	**6.4**	**2,451.7**
Add: Total dividends paid		(340.0)			
Net financing cash flows		**(438.5)**			

III OUR CAPITAL – FINANCING (CONTINUED)

13b BORROWINGS

	2016	2015
	$M	$M
Current		
Unsecured		
Bonds	283.9	159.7
Bonds (swapped into local currency)[1]	–	378.3
Bank loans	134.6	–
Bank overdrafts	1.1	0.1
Other	1.9	0.9
	421.5	**539.0**
Non-current		
Unsecured		
Bonds	1,593.4	1,471.2
Bonds (swapped into local currency)[1]	328.5	316.6
Bank loans	31.8	183.3
Other	5.8	1.1
	1,959.5	**1,972.2**

1. Cross currency swaps are used by the Group to swap foreign currency bonds into the required local currency. These swaps are recognised within derivative net assets/(liabilities) – debt related; refer to Note 13d

RECOGNITION AND MEASUREMENT

Borrowings are initially recognised at fair value at settlement date and subsequently at amortised cost using the effective interest method, net of associated transaction costs. Borrowings are derecognised when the obligation under the liability is dis-charged or cancelled or expired.

13c OTHER FINANCIAL LIABILITIES

COLLATERAL

The Group as part of its capital and risk management strategy, uses financial instruments to hedge the Group's exposure to adverse fluctuations in market risks. The hedges are marked-to-market at fair value at regular intervals to test for hedge effectiveness between the underlying hedged item and the hedging instrument.

Due to changes in the fair value of the hedge contracts and to minimize the impact of credit default, the Group has received $71.8 million as cash collateral pledged from external counterparties (2015: $24.4 million). Coca-Cola Amatil Limited holds the collateral under an agreement to provide protection against credit risk exposure from its counterparties. The Group has not posted any cash collateral in the current year (2015: $20.8 million) and has not witnessed any significant increase in credit risk from the prior year against any particular counterparty. As at 31 December 2016, if pledged collaterals were included in the master netting arrangements on the derivative portfolio, net derivative assets would reduce to $44.2 million net derivative liability (2015: net impact would reduce the net derivative assets to $19.9 million).

RECOGNITION AND MEASUREMENT

Cash collateral received or paid by the Group is recognised at fair value at settlement date in the statements of cash flows. All other financial assets are recognised on trade date. A financial asset or liability is derecognised as and when the rights to receive or obligation to pay cash flows from the asset or liability have expired or the Group has transferred its rights to receive or obligation to pay cash-flows.

III OUR CAPITAL – FINANCING (CONTINUED)

13d DERIVATIVE NET ASSETS/(LIABILITIES)

	2016	2015
	$M	$M
Balance sheet derivatives comprise		
Assets – current	35.2	44.2
Assets – non-current	124.5	96.1
Liabilities – current	(15.5)	(43.5)
Liabilities – non-current	(36.9)	(57.3)
Derivative net assets	**107.3**	**39.5**

Derivative net assets comprise of:

		Derivative carrying amounts			Movements in		Movements recognised in	
		Assets	Liabilities	Net	Derivatives	Recognised underlying hedged items	Income statement	Other compre-hensive income
Type of derivative	Note	$M	$M	$M	$M	$M	$M	$M
2016								
Debt related – fair value hedges[1]								
– cross currency swap[2]		82.0	(0.1)	81.9	30.9	(11.3)	11.3	19.6
Debt related – cash flow hedges[3]								
– cross currency swap[2]		12.5	(12.5)	–	(12.7)	12.7	–	(12.7)
Total debt related	14A) i) & ii)	**94.5**	**(12.6)**	**81.9**	**18.2**	**1.4**	**11.3**	**6.9**
Non-debt related – fair value hedges								
– foreign exchange contracts	14A) i)	–	(0.1)	(0.1)	(0.1)	0.1	(0.1)	–
Non-debt related – cash flow hedges								
– foreign exchange contracts	14A) i)	28.6	(9.3)	19.3	(2.2)	2.2	–	(2.2)
– interest rate contracts	14A) ii)	10.0	(17.5)	(7.5)	(12.8)	12.8	–	(12.8)
– commodity contracts	14A) iii)	26.6	(12.9)	13.7	64.7	(64.7)	–	64.7
Total non-debt related		**65.2**	**(39.8)**	**25.4**	**49.6**	**(49.6)**	**(0.1)**	**49.7**
Total derivatives		**159.7**	**(52.4)**	**107.3**	**67.8**	**(48.2)**	**11.2**	**56.6**
2015								
Debt related – fair value hedges[1]								
– cross currency swap		54.3	(3.3)	51.0	35.3	(39.5)	(4.2)	–
Debt related – cash flow hedges[3]								
– cross currency swap		22.5	(9.8)	12.7	50.2	(50.2)	–	50.2
Total debt related	14A) i) & ii)	**76.8**	**(13.1)**	**63.7**	**85.5**	**(89.7)**	**(4.2)**	**50.2**
Non-debt related – cash flow hedges								
– foreign exchange contracts	14A) i)	33.5	(12.0)	21.5	(10.2)	10.2	–	(10.2)
– interest rate contracts	14A) ii)	28.8	(23.5)	5.3	(18.5)	18.5	–	(18.5)
– commodity contracts	14A) iii)	1.2	(52.2)	(51.0)	(10.5)	10.5	–	(10.5)
Total non-debt related		**63.5**	**(87.7)**	**(24.2)**	**(39.2)**	**39.2**	**–**	**(39.2)**
Total derivatives		**140.3**	**(100.8)**	**39.5**	**46.3**	**(50.5)**	**(4.2)**	**11.0**

1. The underlying hedged item represents bonds swapped into local currency. Foreign currency related movements in these bonds are recognised in the income statement, which are offset by movements in related hedging derivatives, within the income statement. The net effect results in no impact on net debt other than any hedge ineffectiveness that may arise from credit valuation adjustments and currency basis that does not form a part of the hedge relationship. The accumulated change in the fair value of the underlying hedge item is equal to carrying amount of the derivative which is $62.4 million (2015: $54.3 million). The carrying value of the hedged items is $214.3 million (2015: $206.2 million)
2. Includes basis risk adjustment
3. Refer to footnote 1, with offsetting movements being recognised in other comprehensive income rather than the income statement

III OUR CAPITAL – FINANCING (CONTINUED)

13d DERIVATIVE NET ASSETS/(LIABILITIES) (CONTINUED)

RECOGNITION AND MEASUREMENT

Derivative financial instruments are used to manage exposures to certain financial risks and are recognised initially at fair value. On subsequent revaluation, for example, from trade date, derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

The Group designates its derivatives as hedges for either:

- the fair values of certain liabilities (fair value hedges)
- the cash flows associated with assets and liabilities and highly probable forecast transactions (cash flow hedges)

Derivatives – debt related

Debt related derivatives apply solely to hedging of the foreign currency principal amounts and fair values of borrowings. During the financial year, the Group held cross currency swaps to mitigate exposures to changes in the fair value of foreign currency denominated debt from fluctuations in foreign currency and interest rates. The hedged items designated were a portion of the Group's foreign currency denominated borrowings. The changes in fair values of the hedged items resulting from movements in exchange rates and interest rates are offset against the changes in the value of the cross currency swaps. The objective of this hedging is to convert foreign currency borrowings to local currency borrowings. Hence, at inception, no significant portion of the change in fair value of the cross currency swap is expected to be ineffective. Ineffectiveness may arise from credit valuation adjustments and is recognised in the income statement as finance costs.

Gains or losses from remeasuring the fair value of the hedge instruments are recognised within net finance costs in the income statement and are offset with the gains and losses from the hedged item where those gains or losses relate to the hedged risks. The hedge relationship is designed to be highly effective because the notional amount of the cross currency swaps is the same as that of the underlying debt and all cash flow and reset dates coincide between the borrowing and the swaps.

The effectiveness of the hedging relationship is tested at inception and at regular intervals thereafter by means of cumulative dollar offset effectiveness calculations. The primary objective is to determine if changes to the hedged item and the derivative are highly correlated and thus support the assertion that there will be a high degree of offset in fair values achieved by the hedge.

Derivatives – non-debt related

Non-debt derivatives relate to all other derivatives other than those that are debt related (being foreign currency, commodity and interest rate because they do not impact the calculation of net debt). Cash flow hedges are used to hedge future cash flows or a probable transaction that could affect the income statement. Any gain or loss on effective portions of the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the income statement as finance costs. Amounts recognised in equity are transferred to finance costs (debt related derivatives), cost of goods sold (commodity related derivatives), or depreciation expenses (capital expenditure derivatives) within the income statement, as and when the asset is consumed. If the forecast transaction is revoked or no longer expected to occur, amounts previously recognised in equity are transferred to the income statement over the life of the underlying exposure. Derivative financial instruments in a hedge relationship are initially recognised in equity. Any gain or loss is reclassified to the income statement when the Group exercises, terminates, or revokes designation of the hedge relationship. Ineffectiveness may arise from credit valuation adjustments and is recognised in the income statement as finance costs.

In the prior year, the Group closed out certain cash flow hedges which hedged forecast transactions. Due to de-designation of the hedges, the Group recognised a gain of $1.3 million in the income statement (2015: gain $0.8 million) which relates to current year exposures and carries the remaining balance in the hedging reserve.

The Group placed certain amounts of foreign currency on deposits that were used to hedge highly probable forecast purchases of capital expenditure items and raw materials. Any movements in the translation of these deposits were recognised within the hedging reserve.

Refer to Note 14 for further information on Coca-Cola Amatil Limited's financial risk management process.

Presentation, offsetting and netting arrangements

The Group presents derivative assets and liabilities on a gross basis. Certain derivative assets and liabilities are subject to enforceable master netting arrangements with individual counterparties if they were subject to default. If these netting arrangements were to be applied to the derivative portfolio as at 31 December 2016 derivative assets and liabilities would be reduced by $27.6 million respectively (2015: $44.3 million).

IV OUR RISK MANAGEMENT

14 FINANCIAL RISK MANAGEMENT

HOW THE GROUP MANAGES FINANCIAL RISK

Our financial risk management activities are carried out centrally by the Group's Treasury function which is governed by a Board approved Treasury Policy. This Policy strictly prohibits any speculative trading. The Group's risk management activities seek to mitigate risks in order to reduce volatility of financial performance, which assists with delivery of the Group's financial targets. This is achieved through a process of identifying, recording and communicating financial exposures and risks within the Group which forms the basis for the implementation of risk management strategies which utilise derivatives and hedge accounting practices. Refer to Note 13d for further information on derivatives and hedge accounting.

The Group's financial assets and liabilities originate from and are used for the following purposes:

Operating and investing activities

These activities generate financial assets and liabilities including cash, trade and other receivables and trade and other payables.

Financing activities

Financial assets and liabilities are used to invest funds when surplus amounts arise and to raise funds for the Group's operations. The principal types of financial assets and liabilities used include cash, term deposits, bonds, bank loans and bank overdrafts.

Risk management

Financial assets and liabilities, being primarily derivative or hedging contracts, are used to manage financial risks that arise from the abovementioned activities. These risks are summarised as and described further, in the following sections to this note:

a) details of market risks relating to:
   i) foreign currencies
   ii) interest rates
   iii) commodity prices
b) details of other financial risks relating to:
   i) liquidity
   ii) credit
   iii) foreign currency translation

A) MARKET RISKS

Sensitivities – analysis

The below sensitivity analyses illustrate possible outcomes from the Group's approach to financial risk management in relation to market risks. The analyses show the effect on profit and other comprehensive income for the year if market rates had been 10% higher or lower with all other variables held constant, taking into account existing financial asset and liability exposures and related hedges. A sensitivity of 10% has been selected as this is considered reasonable given the current level of market prices, the volatility observed on a historical basis and market expectations for future movements.

	Profit for the year		Other comprehensive income	
	2016	**2015**	**2016**	**2015**
	$M	$M	$M	$M
Foreign currency rates				
10% increase	**0.4**	1.2	**(33.8)**	(25.5)
10% decrease	**0.2**	(0.5)	**19.9**	30.8
Interest rates[1]				
10% increase in variable rates	**0.4**	0.1	**9.8**	7.2
10% decrease in variable rates	**(0.4)**	(0.1)	**(10.1)**	(7.4)
Commodity prices[2]				
10% increase	**–**	–	**23.9**	17.0
10% decrease	**–**	–	**(23.2)**	(17.9)

1. 10% refers to applying a multiplication factor to (rather than addition) the underlying interest rate
2. The table does not show the sensitivity to the Group's total underlying exposures or the impact of changes in volumes that may arise from an increase or decrease in commodity prices

IV OUR RISK MANAGEMENT (CONTINUED)

14 FINANCIAL RISK MANAGEMENT (CONTINUED)

A) MARKET RISKS (CONTINUED)

As can be seen in the preceding table, there would be no material impact of the sensitivities on profit for the year, as the Group's approach to hedging results in minimal hedge ineffectiveness. Volatility does arise in other comprehensive income mainly due to the remeasurement of derivatives to fair value as at the reporting date.

The following section provides additional detail as to each of these risks.

Market risk details

i) Foreign currency risk

Foreign currency risk refers to the risk that the cash flows arising from a financial commitment or recognised asset or liability, will fluctuate due to changes in foreign currency rates. The Group's foreign currency risk arises primarily from:

- firm commitments and/or highly probable forecast transactions for receipts and payments settled in foreign currencies and prices dependent on foreign currencies respectively
- cash, term deposits and borrowings denominated in foreign currency
- translation of the financial statements of Coca-Cola Amatil Limited's foreign subsidiaries, refer to Note 14b) iii)

The Group's risk management policy for foreign exchange allows hedging of forecast cost of goods sold related transactions for up to four years into the future before requiring executive management approval. Foreign currency denominated capital expenditure is generally hedged upon the realisation of firm commitments. The policy prescribes a range of minimum and maximum hedging parameters linked to actual and forecast transactions involving foreign currency exposures which are progressively increased to a range of 25% to 100% in the current year.

The Group's foreign currency transactions (relative to each subsidiary's functional currency) are mainly conducted in the following currencies:

- Australian Dollars (AUD)
- United States Dollars (USD) – primarily for commodity purchasing, certain borrowings and capital expenditure
- New Zealand Dollars (NZD)
- Japanese Yen (JPY) – primarily for certain borrowings
- Euros (EUR) – primarily for capital expenditure

At the reporting date, the Group had exposure to foreign currency risk on the following financial assets and liabilities (due to the items being denominated in currencies other than the functional currency) before taking into consideration the effects of hedging, with details of hedging presented in the following table:

	2016				2015			
Financial assets and liabilities (exposures)[1]	**USD**	**JPY**	**Other**	**Total**	**USD**	**JPY**	**Other**	**Total**
	$M	$M	$M	$M	$M	$M	$M	$M
Cash assets	182.6	–	68.1	250.7	364.1	–	32.3	396.4
Long term deposits	–	–	–	–	88.1	–	–	88.1
Borrowings – bonds	69.3	214.2	45.0	328.5	447.1	202.8	45.0	694.9

Hedging derivatives – net assets/(liabilities)	**Carrying amount**	**Nominal amounts[1]**	**Hedge ranges as at inception – exchange rates**					**Maturity profile**
	$M	$M	AUD/USD	AUD/NZD	AUD/JPY	NZD/USD	IDR/USD	years
2016								
Cross currency swaps[2]	1.0	266.3	–	1.29	85–87	0.82–0.83	–	>5
Debt related	**1.0**							
Foreign currency forwards[3]	20.7	860.7	0.70–0.76	1.05–1.13	–	0.63–0.73	13,440–14,890	<3
Currency options[3]	(1.5)	414.1	0.70–0.85	1.07	–	0.63–0.71	–	<2
Non-debt related	**19.2**							
2015								
Cross currency swaps[2]	9.4	631.2	0.74–0.77	1.29	85–87	0.83	–	>5
Debt Related	**9.4**							
Foreign currency forwards[3]	13.2	714.7	0.70–0.91	1.06–1.23	–	0.63–0.82	13,990–14,450	<2
Currency options[3]	8.3	458.0	0.70–0.90	1.10	–	0.63–0.78	–	<3
Non-debt related	**21.5**							

1. Principal amounts converted to AUD at balance date foreign exchange rates
2. Carrying amount classified as derivatives – debt related
3. Derivatives used for firm commitments and/or highly probable forecast purchases of raw materials and capital expenditure

IV OUR RISK MANAGEMENT (CONTINUED)

14 FINANCIAL RISK MANAGEMENT (CONTINUED)

A) MARKET RISKS (CONTINUED)

Market risk details (CONTINUED)

ii) Interest rate risk

Interest bearing financial assets and liabilities which expose the Group to interest rate risk are predominantly cash assets, term deposits, bonds, loans and bank overdrafts.

The Group's risk management policy for interest rate risk seeks to minimise the effects of interest rate movements on its financial asset and liability portfolio through active management of the exposures. The policy prescribes that the average maturity of the hedging portfolio must be between one and five years. It is usual practice for the next 12 months' floating rate exposures to be largely fixed to a maximum of 85% of the forecast exposure.

The Group primarily enters into interest rate option, interest rate swap and cross currency swap agreements to manage these risks.

At the reporting date, the Group had the following mix of financial assets and liabilities bearing interest, before taking into consideration the effects of hedging along with details of hedging agreements in place:

	2016				2015			
Financial assets and liabilities (exposures)	**Average floating rate**	**At floating rates**	**At fixed rates**	**Carrying amount**	**Average floating rate**	**At floating rates**	**At fixed rates**	**Carrying amount $M**
	% p.a.	$M	$M	$M	% p.a.	$M	$M	$M
Cash assets	2.4	1,378.1	–	1,378.1	2.7	1,237.5	–	1,237.5
Long term deposits	–	–	–	–	–	–	88.1	88.1
Bonds	2.7	157.3	2,048.5	2,205.8	3.1	315.8	2,010.0	2,325.8
Bank loans, bank overdrafts and other	3.4	85.9	89.3	175.2	4.1	105.3	80.1	185.4
Other financial liabilities	1.4	71.8	–	71.8	1.9	24.4	–	24.4

Hedging derivatives – net assets/(liabilities)	**Carrying amount**	**Nominal amounts[1]**	**Hedge ranges[2]**	**Maturity profile**	**Carrying amount**	**Nominal amounts[1]**	**Hedge ranges[2]**	**Maturity profile**
	$M	$M	% p.a.	years	$M	$M	% p.a.	years
Cross currency swap	80.9	151.9	2.2–2.8	>5	54.3	151.9	2.6–2.8	>5
Debt related	**80.9**				**54.3**			
Interest rate options	(1.5)	50.0	3.3–4.5	<3	(1.6)	98.0	2.5–4.5	<4
Interest rate swaps	(10.2)	832.4	3.1–6.3	>5	(9.4)	1,353.9	4.0–6.5	>5
Cross currency swaps	4.2	114.4	3.3	>5	16.3	479.3	2.7–4.1	>5
Non-debt related	**(7.5)**				**5.3**			

1. Principal amounts converted to AUD at balance date foreign exchange rates
2. As at inception

iii) Commodity price risk

Commodity price risk is the risk arising from volatility in commodity prices in relation to certain raw materials (mainly sugar and aluminium) used in the business.

The Group's risk management policy for commodity price risk allows hedging of forecast transactions for up to four years into the future before requiring executive management approval. The policy prescribes a range of minimum and maximum hedging parameters linked to actual and forecast transactions involving strategic commodity exposures which are progressively increased to a range of 70% to 100% in the current year.

The Group enters into futures, swaps and option contracts to hedge commodity price risk, with the objective of obtaining lower raw material prices and a more stable and predictable commodity price outcome. Futures contracts are mainly used to hedge the primary exposures, being aluminium ingot and raw sugar which are priced on the London Metal Exchange and Intercontinental Exchange respectively. These exposures are designated to be the risk component which are hedged with futures contracts. These together form a part of the hedge relationship and are designed to be highly effective. Costs associated with rolling of aluminium cans, refining of raw sugar and any other transaction costs represent other risk components but do not form part of the hedge relationship but are recognised within cost of goods sold in the income statement.

IV OUR RISK MANAGEMENT (CONTINUED)

14 FINANCIAL RISK MANAGEMENT (CONTINUED)

A) MARKET RISKS (CONTINUED)

Market risk details (CONTINUED)

iii) Commodity price risk (CONTINUED)

At the reporting date, the Group had exposure to commodity price risk on the following usage quantities, before taking into consideration the effects of hedging, with details of hedging presented alongside:

	Exposure	Hedging				
Commodity	Usage	Derivatives[1]	Carrying amount	Nominal volume	Hedge range – commodity prices[2]	Maturity profile
	metric tonnes		$M	metric tonnes		years
2016						
Aluminium ingot	30,663	Futures	(2.9)	53,150	1,590.00–2,024.00	<3
Raw sugar	280,887	Futures	16.6	380,511	296.50–444.20	<3
Non-debt related (liabilities)			**13.7**			
2015						
Aluminium ingot	31,500	Futures	(20.0)	36,000	1,628.00–2,140.00	<3
Raw sugar	275,878	Futures	(31.0)	345,457	296.52–445.33	<3
Non-debt related (liabilities)			**(51.0)**			

1. Mainly futures, including some swaps and options
2. USD per metric tonne at inception date

B) OTHER FINANCIAL RISKS

i) Liquidity risk

Liquidity risk is the risk there will be insufficient funds available to meet the Group's financial commitments as and when they fall due, and the risk of unforeseen events which may curtail cash inflows.

To help reduce liquidity risk, the Group:

- has a liquidity policy which targets a minimum level of committed facilities relative to net debt
- has readily accessible funding arrangements in place
- generally utilises financial assets and liabilities that are tradeable in liquid markets
- staggers maturities of financial assets and liabilities

Liquidity risk is measured by using cash flow forecasts and comparing projected debt levels against total committed facilities.

The contractual cash flows and expected timings of the Group's financial liabilities are shown in the table below. The contractual amounts represent the future undiscounted principal and interest cash flows and therefore do not equate to the carrying amounts.

		Expected timing of contractual cash outflows				
Financial liabilities (exposures)	Carrying amount	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
	$M	$M	$M	$M	$M	$M
As at 31 December 2016						
Trade and other payables	1,194.4	1,194.4	–	–	–	1,194.4
Borrowings	2,381.0	434.0	493.9	913.7	808.8	2,650.4
Other financial liabilities	71.8	71.8	–	–	–	71.8
Derivative liabilities	52.4	14.0	3.9	19.2	42.4	79.5
Total financial liabilities	**3,699.6**	**1,714.2**	**497.8**	**932.9**	**851.2**	**3,996.1**
As at 31 December 2015						
Trade and other payables	1,239.6	1,239.6	–	–	–	1,239.6
Borrowings	2,511.2	652.2	547.2	1,010.3	665.1	2,874.8
Other financial liabilities	24.4	24.4	–	–	–	24.4
Derivatives liabilities	100.8	–	–	16.8	73.0	89.8
Total financial liabilities	**3,876.0**	**1,916.2**	**547.2**	**1,027.1**	**738.1**	**4,228.6**

IV OUR RISK MANAGEMENT (CONTINUED)

14 FINANCIAL RISK MANAGEMENT (CONTINUED)

B) OTHER FINANCIAL RISKS (CONTINUED)

i) Liquidity risk (CONTINUED)

The Group had the following financing facilities available at the reporting date:

	2016	2015
	$M	$M
Bank loan facilities		
Total arrangements	402.4	220.9
Carrying amount – used as at the end of the year	(166.4)	(183.3)
Unused as at the end of the year	**236.0**	**37.6**
Bank overdraft facilities		
Total arrangements	25.8	25.6
Carrying amount – used as at the end of the year	(1.1)	(0.1)
Unused as at the end of the year	**24.7**	**25.5**

ii) Credit risk

Credit risk is the risk that a contracting entity will not fulfil its obligations under the terms of a financial instrument and will cause the Group to make a financial loss. The Group has exposure to credit risk on all financial assets included in the Group's balance sheet. To help manage this risk, the Group:

- has a policy for establishing credit limits for the entities it deals with; and
- may require collateral.

For credit purposes, there is only a credit risk where the contracting entity is liable to pay the Group on settlement. The Group has a policy that sets limits on the amount of credit exposure to each financial institution. New derivatives, cash and term deposit transactions are limited to financial institutions that meet minimum credit rating criteria in accordance with the Group's policy requirements. These limits are set to minimise the concentration of risk and therefore mitigate the risk of financial loss as a result of a counterparty's failure to make a payment.

Customer credit risk is managed by each business unit subject to established policies, procedures and controls relating to customer risk management. Credit limits are set for each customer and these are regularly monitored. For information concerning percentage of sales to the Group's top three customers and trade receivables past due but not impaired, refer to Notes 2 and 6a respectively.

The Group's maximum exposure for credit risk is the sum of the carrying amount of all cash assets, long term deposits, trade and other receivables and derivative asset balances.

iii) Translation risk

The financial statements for each of Coca-Cola Amatil Limited's foreign operations are prepared in their local currency. For the purpose of preparing the Group's consolidated financial information, each foreign operation's financial statements are translated into Australian Dollars using applicable foreign exchange rates for the reporting period. A translation risk exists on translating the financial statements of Coca-Cola Amatil Limited's foreign operations. As a result, volatility in foreign exchange rates can impact the Group's net assets, profit and other comprehensive income.

The Group does not as a matter of policy, hedge translation risk. However, there are occasions when it is considered appropriate to hedge foreign currency denominated earning and this form of translation risk may be hedged from time to time.

IV OUR RISK MANAGEMENT (CONTINUED)

15 FAIR VALUE

The Group applies historical cost accounting, with the exception of certain financial assets and liabilities. These financial assets and liabilities and a summary of how fair value accounting is applied, are summarised below:

Financial assets and liabilities	Carrying amount and fair value relationship
Cash, trade and other receivables and payables	Values are approximately same mainly due to their short-term nature.
Borrowings – bonds	Differences arise mainly due to mandatory borrowing terms. At 31 December 2016 carrying and fair values for bonds were $2,205.8 million and $2,242.5 million (2015: $2,325.8 million and $2,384.1 million) respectively. For these fair values, inputs were based on interest rates and yield curves at commonly quoted intervals and credit spreads (level 2 inputs) that are observable for a similar liability in the market. Differences between carrying and fair values for bonds are due to changes in fixed interest rates.
Long-term deposits and borrowings – other than bonds	Values are approximately same mainly due to the absence of material break costs on early repayment or cancellation.
Derivatives	Accounted for at fair value using certain valuation techniques described below.

DERIVATIVES – VALUATION TECHNIQUES

Fair values of derivatives based on quoted prices in active markets are categorised as level 1. The Group establishes fair value by using valuation techniques such as discounted cash flow analysis or option pricing models (level 2), using inputs that are observable either directly (as prices) or indirectly (derived from prices). These include reference to the fair values of recent arm’s length transactions, involving the same or similar instruments. The classification of derivatives by level is shown in the table below:

	2016			2015		
	Level 1	**Level 2**	**Carrying amount**	**Level 1**	**Level 2**	**Carrying amount**
Derivative	$M	$M	$M	$M	$M	$M
Assets	26.6	133.1	159.7	1.2	139.1	140.3
Liabilities	(12.9)	(39.5)	(52.4)	(52.2)	(48.6)	(100.8)
Derivative net assets/(liabilities)	**13.7**	**93.6**	**107.3**	**(51.0)**	**90.5**	**39.5**

V OTHER INFORMATION

16 RELATED PARTIES

PARENT ENTITY

Coca-Cola Amatil Limited is the parent entity of the Group.

KEY MANAGEMENT PERSONNEL (KMP)

Disclosures relating to KMP are set out in Note 19 and in the Directors' Report.

RELATED ENTITIES

The Coca-Cola Company (TCCC) through its subsidiary, Coca-Cola Holdings (Overseas) Limited, holds 29.2% (2015: 29.2%) of Coca-Cola Amatil Limited's fully paid ordinary shares. Further, TCCC owns 29.4% of the shares in PT Coca-Cola Bottling Indonesia (CCBI), a subsidiary of Coca-Cola Amatil Limited (refer below for further details).

Coca-Cola Amatil Limited has a 50% interest in Australian Beer Company Pty Ltd. Refer to Note 11a for further details.

TRANSACTIONS WITH ENTITIES WITH SIGNIFICANT INFLUENCE OVER THE GROUP

	2016	2015
	$M	$M
Purchases and other expenses – TCCC and its subsidiaries	**784.8**	782.8
Reimbursements and other revenues – TCCC and its subsidiaries	**88.9**	89.6
Purchases and other expenses – other related parties	**–**	5.3
Investment in CCBI	**–**	646.8
Amounts receivable from TCCC and its subsidiaries	**43.3**	37.9
Amounts payable to TCCC and its subsidiaries	**142.4**	109.2

TERMS AND CONDITIONS OF TRANSACTIONS WITH RELATED PARTIES

All transactions with related parties are conducted under normal commercial terms and conditions. Receivable and payable balances at year end are unsecured and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivable and no provision has been raised for allowance for doubtful receivables relating to amounts owed by related parties.

Transactions with TCCC and its subsidiaries

Investment in CCBI

On 2 April 2015 a subsidiary of TCCC invested US$500.0 million ($652.6 million, or $646.8 million after transaction costs) in new ordinary shares in CCBI equating to 29.4% ownership interest, diluting Coca-Cola Amatil Limited's equity ownership to 70.6%. Coca-Cola Amatil Limited retains control of, and therefore continues to consolidate CCBI, resulting in TCCC's investment being classified as a non-controlling interest (NCI) within the financial statements of the Group.

Following the change in ownership, the interests of Coca-Cola Amatil Limited and the NCI in CCBI have been adjusted to reflect the relative changes in their interests in CCBI's equity. The difference between the amount by which the NCI is recognised ($304.1 million) and the fair value of consideration received, being $342.7 million (refer to Note 12c), has been recognised directly in equity as a general reserve and attributed to shareholders of Coca-Cola Amatil Limited.

Purchases and other expenses

This represents purchases of concentrates and beverage bases for Coca-Cola trademarked products and finished goods.

Reimbursements and other revenues

Under a series of arrangements, the Group participates with certain subsidiaries of TCCC under which they jointly contribute to the development of the market in the territories in which the Group operates. These arrangements include a regular shared marketing expenses program, under which the Group contributes to certain TCCC incurred marketing expenditure and TCCC contributes to certain marketing expenditure incurred by the Group. Amounts received are either accounted for as a credit to revenue or as a reduction to expense, as appropriate.

V OTHER INFORMATION (CONTINUED)

17 EMPLOYEE OWNERSHIP PLANS

Coca-Cola Amatil Limited has the following plans: the Employees Share Plan, the Long Term Incentive Plan and the Executive Post-tax Share Purchase Plan. Coca-Cola Amatil Limited fully paid ordinary shares issued under these plans rank equally with all other existing fully paid ordinary shares with respect to voting rights, dividends and future bonus and rights issues.

EMPLOYEES SHARE PLAN (ESP)

The ESP provides all full-time and part-time permanent employees with an opportunity to contribute up to 3% of their base salary to acquire shares in Coca-Cola Amatil Limited. The ESP is administered by a trustee which acquires and holds shares on behalf of the participants. These shares are purchased on market at prevailing market prices. Shares forfeited under the terms of the ESP are also utilised. For every share acquired with amounts contributed by a participant, a matching share is acquired by the trustee, which under normal circumstances vests with the employee after a period of two years from their date of issue (acquisition or utilisation) with contributions made by the employing entities. There are no performance conditions. Members of the ESP receive dividends on both vested and unvested shares held on their behalf by the trustee. As at the end of the financial year, the number of shares in the ESP, both vested and unvested, was 4,017,627 (2015: 4,519,766). The number of shares vested to employees was 2,528,590 (2015: 2,996,935). All shares were purchased on market during the financial year.

LONG TERM INCENTIVE PLAN (LTIP)

Under Coca-Cola Amatil Limited's LTIP, senior executives (as approved by the Board) have the opportunity to be rewarded with fully paid ordinary shares, providing the LTIP meets minimum pre-determined hurdles covering a three year period, as set by the People Committee. These shares are purchased on market or issued to the trustee once the LTIP vests. In prior years, half of the grant was subject to a Relative Total Shareholder Return (TSR) performance condition and the other half was subject to an Earnings per Share (EPS) performance condition. Employees remain subject to service conditions as determined by the Board in its absolute discretion.

From 2015–2017 plan onwards, all plans have three performance conditions namely Relative TSR, Absolute TSR and EPS. Details of the performance and service conditions for the LTIP 2016–2018 are provided in the Remuneration Report.

Dividends are payable to participants of the LTIP 2016–2018 only once the rights vest into shares.

The fair value of shares offered in the LTIP 2016–2018 is determined by an independent external valuer using an option pricing model with the following inputs:

Grant date	18 May 2016
Grant date share price	$8.99
Volatility	21.0%
Dividend yield per annum	5.1%
Risk free rate per annum	1.6%

V OTHER INFORMATION (CONTINUED)

17 EMPLOYEE OWNERSHIP PLANS (CONTINUED)

LONG TERM INCENTIVE PLANS (LTIP) (CONTINUED)

Set out below are details of share rights granted under LTIP:

Sub-plan	Grant date	Opening balance	Granted	Vested	Lapsed and forfeited	Closing balance	Weighted average fair value
		No.	No.	No.	No.	No.	$
31 December 2016							
2014–2016	13 May 2014	1,044,700	–	–	(1,044,700)	–	–
2014–2016	13 May 2014	209,798	–	–	(209,798)	–	–
2015–2017	12 May 2015	1,352,336	–	–	(27,878)	1,324,458	6.08
2016–2018	18 May 2016	–	1,746,764	–	(88,194)	1,658,570	4.66
		2,606,834	**1,746,764**	**–**	**(1,370,570)**	**2,983,028**	
31 December 2015							
2013–2015	1 March 2013	1,028,931	–	–	(1,028,931)	–	–
2014–2016	13 May 2014	1,301,658	–	–	(256,958)	1,044,700	5.55
2014–2016	13 May 2014	209,798	–	–	–	209,798	5.60
2015–2017	12 May 2015	–	1,459,189	–	(106,853)	1,352,336	6.08
		2,540,387	**1,459,189**	**–**	**(1,392,742)**	**2,606,834**	

EXECUTIVE POST-TAX SHARE PURCHASE PLAN

All senior executives are required to have a portion of their short term incentives deferred as restricted shares. The shares are purchased on market and trading of these shares is restricted for 12 months for 50% of the shares, with the remaining 50% restricted for 24 months. Dividends are payable to the participants of the Plan. Details on the forfeiture conditions of these shares are provided in the Remuneration Report. As at the end of the financial year, the number of restricted shares in the Plan was 199,805 (2015: 175,294).

RECOGNITION AND MEASUREMENT

The value of services provided by employees to the Group in return for Coca-Cola Amatil Limited's shares granted under employee ownership plans, is measured by reference to the fair value of the shares as at the grant date. Fair values are determined as the cost of shares purchased for employer contributions to the ESP (shares are purchased at grant date) and are determined by an independent external valuer for shares granted under the LTIP (shares are purchased at vesting date).

The fair value of shares is charged to the income statement over the vesting period, with a matching increase in the share-based remuneration reserve recognised, representing the obligation to provide these shares on vesting. On vesting, the treasury shares account and this reserve are reduced.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition, such as Relative TSR and Absolute TSR or subject to service conditions not being fulfilled (as determined by the Board in its absolute discretion).

V OTHER INFORMATION (CONTINUED)

18 COMMITMENTS

	2016	2015
	$M	$M
Capital expenditure commitments		
Estimated aggregate amount of contracts for purchase of property, plant and equipment not provided for, payable:		
– within one year	62.9	53.9
– later than one year but not later five years	–	7.2
	62.9	**61.1**
Operating lease commitments		
Lease commitments for non-cancellable operating leases with terms of more than one year, payable:		
– within one year	71.6	79.5
– later than one year but not later than five years	146.7	175.6
– later than five years	168.7	175.0
	387.0	**430.1**

The Group has entered into non-cancellable operating leases on certain properties, motor vehicles and other items of plant and equipment. Leases vary in contract length depending on the asset involved. Renewal terms are included in certain contracts, with renewal at the option of the entity holding the lease. On renewal, the terms of the leases are usually renegotiated.

19 KMP DISCLOSURES

	2016	2015
	$M	$M
KMP remuneration by category		
Short term	13.0	12.5
Post-employment	0.3	0.3
Share-based payments	2.0	1.5
	15.3	**14.3**

Further details are contained in the Remuneration Report.

Loans to KMP

Neither Coca-Cola Amatil Limited nor any other Group company has loans with KMP.

Other transactions of KMP and their personally related entities

Neither Coca-Cola Amatil Limited nor any other Group company was party to any other transactions with KMP (including their personally related entities).

V OTHER INFORMATION (CONTINUED)

20 AUDITORS' REMUNERATION

	2016	2015
	$M	$M
Amounts received, or due and receivable, by:		
Coca-Cola Amatil Limited auditor, Ernst & Young (Australia) for:		
– audit or half-year review of the financial reports	1.760	1.690
– other services:		
– assurance related	0.414	0.403
– tax compliance	–	0.023
– other	0.118	0.084
	0.532	0.510
	2.292	**2.200**
Member firms of Ernst & Young in relation to subsidiaries of Coca-Cola Amatil Limited for:		
– audit or half-year review of the financial reports	0.656	0.733
– tax compliance services	0.018	0.005
	0.674	**0.738**
Other firms in relation to subsidiaries of Coca-Cola Amatil Limited for:		
– audit or half-year review of the financial reports	–	0.027
– tax compliance services	–	0.047
	–	**0.074**
	2.966	**3.012**

21 COCA-COLA AMATIL LIMITED DISCLOSURES

	2016	2015
	$M	$M
a) FINANCIAL POSITION		
Current assets	865.1	787.3
Non-current assets	4,785.1	4,925.0
Total assets	**5,650.2**	**5,712.3**
Current liabilities	1,135.6	1,177.0
Non-current liabilities	1,794.9	1,665.6
Total liabilities	**2,930.5**	**2,842.6**
Net assets	**2,719.7**	**2,869.7**
Equity		
Share capital	2,271.7	2,271.7
Reserves	49.3	(2.5)
Retained earnings	398.7	600.5
Total equity	**2,719.7**	**2,869.7**
b) FINANCIAL PERFORMANCE		
Profit for the year	135.5	690.7
Total comprehensive income for the year	182.7	675.6
c) GUARANTEES		
Subsidiaries bonds, bank loans and other guarantees	380.9	403.8

V OTHER INFORMATION (CONTINUED)

22 DEED OF CROSS GUARANTEE

Coca-Cola Amatil Limited and certain subsidiaries as indicated in Note 23 have entered into a Deed of Cross Guarantee which provides that all parties to the Deed will guarantee to each creditor, payment in full of any debt of each company participating in the Deed on winding-up of that company. In addition, as a result of *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*, subsidiaries are relieved from the requirement to prepare financial statements.

	2016	2015
	$M	$M
Consolidated balance sheet for the closed group		
Current assets		
Cash assets	739.2	649.6
Trade and other receivables	692.2	759.3
Inventories	432.2	491.9
Derivatives	20.8	43.0
Current tax assets	–	0.1
Prepayments	23.8	34.0
Total current assets	**1,908.2**	**1,977.9**
Non-current assets		
Property, plant and equipment	929.3	1,082.0
Intangible assets	846.7	908.7
Investments in securities	716.4	721.0
Investment in joint venture entity	26.1	26.3
Defined benefit superannuation plans	20.9	19.1
Derivatives	107.4	75.7
Other receivables	13.6	10.1
Prepayments	13.5	10.3
Total non-current assets	**2,673.9**	**2,853.2**
Total assets	**4,582.1**	**4,831.1**
Current liabilities		
Trade and other payables	1,017.1	938.3
Borrowings	284.6	538.6
Other financial liabilities	71.8	24.4
Provisions	67.3	91.2
Current tax liabilities	19.1	8.7
Derivatives	15.2	39.0
Total current liabilities	**1,475.1**	**1,640.2**
Non-current liabilities		
Borrowings	1,759.7	1,627.9
Provisions	13.1	13.6
Deferred tax liabilities	86.3	103.1
Derivatives	24.1	44.0
Total non-current liabilities	**1,883.2**	**1,788.6**
Total liabilities	**3,358.3**	**3,428.8**
Net assets	**1,223.8**	**1,402.3**
Equity		
Share capital	2,271.7	2,271.7
Treasury shares	(15.7)	(16.8)
Reserves	65.7	15.0
Accumulated losses	(1,097.9)	(867.6)
Total equity	**1,223.8**	**1,402.3**
Consolidated income statement for the closed group[1]		
Profit before income tax	184.5	493.1
Income tax expense[2]	(75.0)	(120.8)
Profit for the year	**109.5**	**372.3**
Accumulated losses at the beginning of the year	(867.6)	(919.2)
Dividends paid	(339.8)	(320.7)
Accumulated losses at the end of the year	**(1,097.9)**	**(867.6)**

1. Total comprehensive income for the year was $156.7 million (2015: $357.2 million), represented by profit for the year after non-trading items (refer note 3b for further details) of $109.5 million (2015: $372.3 million) adjusted for movements in the hedging reserve of $43.2 million increase (2015: $27.0 million decrease) and in the actuarial valuation reserve of $4 million increase (2015: $11.9 million increase)
2. Income tax paid in Australia was $98.3million (2015: $109.7 million). The effective tax rate of 40.6% (2015: 24.4%) is higher than the Australian corporate tax rate of 30% mainly due to non-deductible impairment of intangible assets of $58.6 million. Refer to Note 3b) for further details of non-trading items

V OTHER INFORMATION (CONTINUED)

22 DEED OF CROSS GUARANTEE (CONTINUED)

	2016	2015
	$M	$M
Income tax expense		
Current tax expense	109.2	111.4
Net deferred tax (benefit)/expense	(32.9)	9.1
Adjustments to current tax of prior periods	(1.3)	0.3
	75.0	**120.8**
Total income tax expense includes:		
Income tax (benefit) on non-trading items	(45.5)	–

Reconciliation of Coca-Cola Amatil Limited's applicable (Australian) tax rate to the effective tax rate:

Profit before income tax	**184.5**	**493.2**
	%	%
Applicable (Australian) tax rate	30.0	30.0
Adjustments to current tax of prior periods	(0.7)	–
Impairment of property, plant and equipment and intangible assets	10.6	–
Non-allowable expenses	1.5	0.8
Non-assessable income	–	(6.0)
Recognition of previously unrecognised tax losses	(0.8)	(0.4)
Effective tax rate	**40.6**	24.4
Effective tax rate (before non-trading items)	30.0	24.4

V OTHER INFORMATION (CONTINUED)

23 INVESTMENTS IN SUBSIDIARIES

	Footnote	Country of incorporation	Equity holding[1] 2016	Equity holding[1] 2015
			%	%
Coca-Cola Amatil Limited	2	Australia		
Subsidiaries				
Amatil Investments (Singapore) Pte Ltd		Singapore	100	100
– Coca-Cola Amatil (Fiji) Limited		Fiji	100	100
– Paradise Beverages (Fiji) Limited		Fiji	89.6	89.6
– Samoa Breweries Limited		Samoa	93.9	93.9
– PT Coca-Cola Bottling Indonesia	3	Indonesia	70.6	70.6
– PT Coca-Cola Distribution Indonesia		Indonesia	100	100
Associated Products & Distribution Proprietary	2	Australia	100	100
– Coca-Cola Amatil (PNG) Limited		Papua New Guinea	100	100
C-C Bottlers Limited	2	Australia	100	100
CCKBC Holdings Limited (in liquidation)		Cyprus	100	100
Coca-Cola Amatil (Aust) Pty Ltd	2	Australia	100	100
– Apand Pty Ltd		Australia	100	100
– Beverage Bottlers (NQ) Pty Ltd		Australia	100	100
– Beverage Bottlers (Qld) Limited	2	Australia	100	100
– Can Recycling (S.A.) Pty Ltd	2	Australia	100	100
– Coca-Cola Amatil (Holdings) Pty Ltd		Australia	100	100
– Crusta Fruit Juices Pty Ltd	2	Australia	100	100
– Quenchy Crusta Sales Pty Ltd		Australia	100	100
– Cola-Cola Amatil (CDE Aust) Pty Ltd (previously known as Quirks Australia Pty Ltd)	2	Australia	100	100
Coca-Cola Holdings NZ Limited		New Zealand	100	100
– Coca-Cola Amatil (N.Z.) Limited		New Zealand	100	100
– Vending Management Services Limited (deregistered)		New Zealand	–	100
Matila Nominees Pty Ltd	4	Australia	100	100
Neverfail Springwater Limited	2,5	Australia	100	100
– Purna Pty Ltd		Australia	100	100
– Neverfail Bottled Water Co Pty Ltd	2,6	Australia	100	100
– Neverfail SA Pty Ltd		Australia	100	100
– Neverfail Springwater Co Pty Ltd	2	Australia	100	100
– Neverfail Springwater (Vic) Pty Ltd	2	Australia	100	100
– Neverfail WA Pty Ltd	2	Australia	100	100
– Real Oz Water Supply Co (Qld) Pty Ltd		Australia	100	100
– Neverfail Springwater Co (Qld) Pty Ltd	2	Australia	100	100

V OTHER INFORMATION (CONTINUED)

23 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Footnote	Country of incorporation	Equity holding[1] 2016	Equity holding[1] 2015
			%	%
Pacbev Pty Ltd	2	Australia	100	100
– CCA Bayswater Pty Ltd	2	Australia	100	100
SPC Ardmona Limited	2	Australia	100	100
– Ardmona Foods Limited	2	Australia	100	100
– – Goulburn Valley Canners Pty Ltd		Australia	100	100
– Henry Jones Foods Pty Ltd		Australia	100	100
– – Hallco No. 39 Pty Ltd		Australia	100	100
– SPC Ardmona (Netherlands) BV		Netherlands	100	100
– – SPC Ardmona (Spain), S.L.U.		Spain	100	100
– SPC Ardmona Operations Limited	2	Australia	100	100
– – Austral International Trading Company Pty Ltd	2	Australia	100	100
– SPC Nature's Finest Limited (disposed)		United Kingdom	–	100

Names inset indicate that shares are held by the company immediately above the inset. The above subsidiaries carry on business in their respective countries of incorporation.

1. The proportion of ownership interest is equal to the proportion of voting power held
2. These companies are parties to a Deed of Cross Guarantee as detailed in Note 22 and are eligible for the benefit of *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*
3. Coca-Cola Amatil Limited holds 3.4% of the shares in this company and, the TCCC holds 29.4% interest in this Company
4. Matila Nominees Pty Ltd is the trustee company for the Group's employee ownership plans
5. Neverfail Springwater Limited holds 40.7% of the shares in Neverfail Bottled Water Co Pty Ltd
6. Neverfail Bottled Water Co Pty Ltd holds 1.5% of the shares in Neverfail Springwater (Vic) Pty Ltd

V OTHER INFORMATION (CONTINUED)

24 NEW STANDARDS AND INTERPRETATIONS

The Group has not early adopted any new standards, amendments to standards and interpretations that have been issued or amended but are not yet effective, except *AASB 9 Financial* Instruments *– 2013* and *AASB 2016-2 Amendment of Accounting Standards – Disclosure initiatives* which were early adopted on 1 January 2014 and 1 January 2016 respectively. The Group has reviewed these new and revised accounting standards and interpretations which are not yet effective and with the exception of those mentioned in the table below (where the impacts are still to be fully assessed), none of the other standards and interpretations materially impact the Group.

Reference	Summary	Application date of standard	Impact on the Group
AASB 15 Revenue from Contracts with Customers	Requires revenue to be recognised on satisfaction of the performance obligations specified under contracts	1 January 2018	The Group's impact assessment of this new standard is currently in progress, with disclosure of estimated financial impacts to be made in Coca-Cola Amatil Limited's 2017 half year financial report.
AASB 9 Financial Instruments – 2014 – Impairment	New requirements on recognition of expected credit losses	1 January 2018	This standard will require the Group to change its basis for the determination of allowances for doubtful receivables and to recognise potential credit losses relating to cash assets. Currently, allowances for doubtful receivables are recognised by assessing each receivable balance for collectability based on analysis of various historical factors. Under the revised standard, these allowances will also be required to reflect both current and forecast credit conditions. This approach is also to be applied to the Group's cash assets, as required by the revised standard. The Group has performed an initial assessment of the potential impact on allowance levels of the revised standard. Based on this initial assessment, the Group has determined that the expected impact on transition to the revised standard will be a charge to opening retained earnings (after tax), reflected by an increase in allowances for doubtful receivables, reduced cash assets and deferred tax liabilities balances, all being of amounts considered immaterial to the Group as at 31 December 2016. Post transition, the Group expects this revised standard will result in earlier recognition of impairment or credit losses on receivables and cash asset balances.
AASB 16 Leases	Requires operating leases to be recognised on balance sheet	1 January 2019	This standard will primarily impact accounting for the Group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of $387.0 million as disclosed in Note 18. Some of the leases included in Note 18 may be covered by the lease recognition exception for short-term and low-value leases, and some leases may relate to arrangements that will not qualify as leases under AASB 16. On transition and moving forward, for operating leases for which payments are currently required to be expensed, the Group will recognise right of use assets and corresponding liabilities for the principle amount of lease payments, which will then result in amortisation and interest expenses being recognised in the income statement (replacing operating lease expenses). Further, the principle component of lease payments will be reclassified from operating to financing in the statement of cash flows. The Group has not forecasted financial impacts of this new standard as yet, but will do so leading up to application of the standard.

25 EVENTS AFTER THE BALANCE DATE

Subsequent to the balance sheet date, the Board has approved an on-market share buy-back program of up to $350.0 million which is expected to commence from late March 2017.

Further, the Board has also approved closure of our manufacturing facilities in South Australia expected to occur in 2019, as part of the remodelling of our supply chain function. This program also includes spending an estimated $90.0 million on capital expenditure to expand capacity at the Richlands, Queensland site, with this total program to involve one off costs of approximately $50.0 million, which are expected to be offset by profit from sale of the Thebarton, South Australia site and from part of the profit from a proposed sale and leaseback of the Richlands site.

Other than the above, no matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations, the results of those operations or the state of affairs of the Group in subsequent financial periods.

DIRECTORS' DECLARATION

Coca-Cola Amatil Limited and its subsidiaries

In accordance with a resolution of the Directors of Coca-Cola Amatil Limited dated 22 February 2017, we state that:

In the opinion of the Directors:

a) the financial statements, notes and the additional disclosures included in the Directors' Report of the Group are audited, and are in accordance with the *Corporations Act 2001*, including:

   i) giving a true and fair view of the Group's financial position as at 31 December 2016, and of its performance for the year ended on that date; and

   ii) complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*;

b) the financial statements and notes also comply with *International Financial Reporting Standards* as disclosed on page 59 of the Financial Report;

c) at the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

d) at the date of this declaration, there are reasonable grounds to believe that the Company and the wholly owned subsidiaries identified on page 96 of the Financial Report as being parties to a Deed of Cross Guarantee with Matila Nominees Pty Ltd as trustee, will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed.

This declaration has been made after receiving the declarations required to be made to Directors by the Group Managing Director and Group Chief Financial Officer, in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2016.

On behalf of the Directors

David M. Gonski, AC
Chairman
Sydney
22 February 2017

Alison M. Watkins
Group Managing Director
Sydney
22 February 2017

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF COCA-COLA AMATIL LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

OPINION

We have audited the financial report of Coca-Cola Amatil Limited (the Company), including its subsidiaries ("the Group"), which comprises the consolidated balance sheet as at 31 December 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion:

the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its consolidated financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

BASIS FOR OPINION

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the *Corporations Act* 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES110 Code of Ethics for Professional* Accountants (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF COCA-COLA AMATIL LIMITED (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

A) IMPAIRMENT OF SPC ASSETS

Why significant	How our audit addressed the key audit matter
As disclosed in Note 3b), impairment charges amounting to $217.3 million relating to SPC's inventories, property plant and equipment and intangible assets have been recognised as at 31 December 2016. Given the quantum of this impairment and the judgement exercised by the Group in determining the recoverable amount of each of the classes of SPC's assets and calculating the impairment charges, we considered this area to be significant for our audit.	Our audit procedures included: – critically assessing the assumptions and methodologies used by the Group in their impairment assessment and involving Ernst & Young business valuation and modelling specialists to assist in the work where we considered such expertise was required – assessing the reasonableness of the net realisable value of inventories by comparing the level of inventory on hand to sales forecasts – comparing the fair value less costs of disposal of land and buildings to a property valuation obtained by the Group from valuation experts and assessing the extent to which we could rely on the work of the valuation experts by considering their competence – assessing the judgements made by the Group in determining the fair value less costs of disposal of plant and equipment including performing a sensitivity analysis of the market value and cost to dispose of a sample of individual assets – evaluating the cash flows and growth assumptions used in determining the recoverable amount of the intangible assets

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF COCA-COLA AMATIL LIMITED (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

B) CARRYING VALUE OF INTANGIBLE ASSETS

Why significant

As at 31 December 2016, intangible assets, comprising of investments in bottlers' agreements of $944.3 million, goodwill of $118.7 million and brands of $14.4 million on the Group's balance sheet totalling $1,077.4 million represents 16.7% of the total assets of the Group.

As disclosed in Note 9 to the financial statements, the assessment of impairment for intangible assets and other assets within the relevant cash generating unit (CGU), involves critical accounting estimates and assumptions, specifically concerning assumptions about the future, including future cash flows.

How our audit addressed the key audit matter

Our audit procedures included:

– assessing whether the methodology used by the Group meet the requirements of *AASB 136, Impairment of Assets* and testing whether the models they used were mathematically accurate
– critically evaluating the cash flow forecasts by considering the reliability of the Group's historical cash flow forecasts, our knowledge of the business and sectors and corroborating our work with external information where possible
– involving Ernst & Young business valuation and modelling specialists to assist in the work outlined above where we considered such expertise was required
– assessing the adequacy of the financial report disclosures in respect of the carrying value of intangible assets and impairment testing

C) ACCOUNTING FOR REBATES AND PROMOTIONAL ALLOWANCES

Why significant

As disclosed in Note 2 to the financial statements, revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the customer and the amount of revenue can be measured reliably.

Revenue is recognised net of rebates and promotional allowances owed to customers based on their individual contractual arrangements.

The recognition and measurement of rebates and promotional allowances, including establishing an appropriate accrual at year end, involves significant judgment and estimate, particularly the expected level of claims of each of the customers.

The value of the rebate and promotional allowances together with the level of judgment involved make its accounting treatment a significant matter for our audit.

How our audit addressed the key audit matter

Our audit procedures included:

– considering the appropriateness of the Group's accounting policies regarding revenue recognition as they relate to accounting for rebates and promotional allowances
– testing the Group's processes and controls over the calculation of rebates and promotional allowances
– selecting a sample of customer contracts and agreeing that rebates and promotional allowances were calculated in accordance with the terms of each contracts
– considering the assumptions and judgments used by the Group in calculating rebates and promotional allowances, including the level of expected claims, by reviewing historical trends of claims, and where available, external retail grocery sales data
– considering the impact of customer claims and payments made subsequent to year end and ageing on the balance of rebates and promotional allowances payable at year end

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF COCA-COLA AMATIL LIMITED (CONTINUED)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The Directors are responsible for the other information. The other information comprises the information in the Group's Annual Report for the year ended 31 December 2016, but does not include the financial report and the auditor's report thereon. We obtained the Directors' report (including the remuneration report) and operating and financial review prior to the date of our auditor's report. We expect to obtain the Chairman's and Managing Director's review, financial results summary, information about the Group including its business and strategy, information about the Board and Group Leadership Team and geographical information on performance and outlook after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based upon the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL REPORT

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF COCA-COLA AMATIL LIMITED (CONTINUED)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT (CONTINUED)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

OPINION ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 26 to 52 of the Directors' Report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of Coca-Cola Amatil Limited for the year ended 31 December 2016, complies with section 300A of the *Corporations Act 2001.*

RESPONSIBILITIES

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

M J Wright

Michael Wright
Engagement Partner
Sydney
22 February 2017

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF COCA-COLA AMATIL LIMITED

As lead auditor for the audit of Coca-Cola Amatil Limited for the financial year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

a. no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Coca-Cola Amatil Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Michael Wright
Engagement Partner
Sydney
22 February 2017

GLOSSARY

BEVERAGES RELATED

Alcohol Ready-To-Drink Beverages (ARTD)	Alcohol beverages, including beer and pre-mixed spirit categories
Non-Alcohol Ready-To-Drink Beverages (NARTD)	Non-alcohol beverages, including sparkling and still categories
Sparkling & Frozen Beverages	Non-alcohol beverages including sugar cola, non-sugar cola, flavours and adult beverages and Frozen non-alcohol beverages
Still Beverages	Non-alcohol beverages including water (carbonated and non-carbonated), sports, energy, juice, flavoured milk and tea
Unit Case	A unit case is the equivalent of twenty-four 8 US oz (237ml) serves or 5.678 litres

FINANCIAL MEASURES

Capex or Capital Expenditure	Payments for additions of property, plant and equipment and software development assets less proceeds received from a government
Cash Realisation	Calculated as net operating cash flows divided by underlying profit after tax, adding back depreciation and amortisation expenses before tax
EBIT	Earnings before interest and tax
EPS	Earnings per Share, determined as profit attributable to shareholders of Coca-Cola Amatil Limited divided by the weighted average number of shares on issue during the year
Free Cash Flow	Cash flows generated by the business which is available to reinvest in capital expenditure, reduce net debt or return amounts to shareholders mainly in the form of dividends and is calculated as net operating cash flows less capex and payments for other intangible assets and plus proceeds from disposal of property, plant and equipment
Net Interest Cover	Underlying EBIT divided by net finance costs
Net Tangible Assets Per Share	Net tangible asset per share is calculated by dividing total equity attributable to the shareholders of Coca-Cola Amatil Limited less intangible assets, by the number of shares at year end
Non-Trading Items	Transactions which are non-recurring and considered material to the financial statements due to their size and/or nature
NPAT	Profit (after tax) for the year attributable to shareholders of Coca-Cola Amatil Limited
PET	Polyethylene Terephthalate. The material used for the Group's plastic bottles.
Return on Capital Employed or ROCE	Underlying EBIT, divided by the average of the Assets and Liabilities – Operating and Investing (net assets of the Group excluding net debt) at the beginning and at the end of the twelve-month period ended as at the balance date
Statutory EBIT	EBIT
Underlying EBIT	EBIT before non-trading items

OTHERS

Coca-Cola System, Coke System, Coke Bottling System	The Coca-Cola Company, its subsidiaries and bottling partners
TCCC	The Coca-Cola Company
The Company	Coca-Cola Amatil Limited
The Group, We, Us or Our	Coca-Cola Amatil Limited and its subsidiaries
TRIFR	Total Recordable Injury Frequency Rate